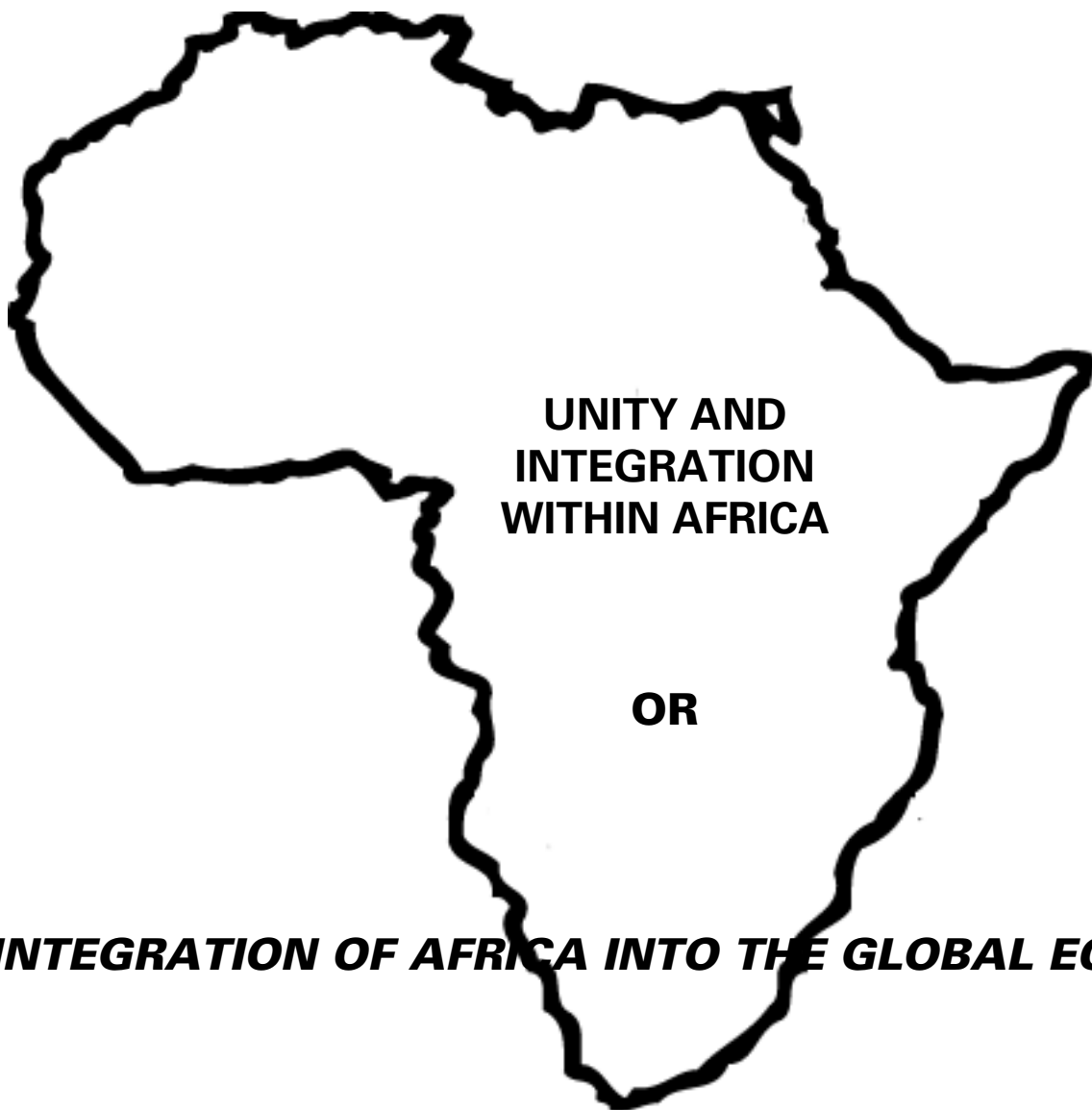


Alternative Information and Development Center  
(AIDC)

**THE NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT  
(NEPAD)  
AND THE AFRICAN UNION**



***INTEGRATION OF AFRICA INTO THE GLOBAL ECONOMY?***

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# THE NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT 'UNITY AND INTEGRATION WITHIN AFRICA'? OR 'INTEGRATION OF AFRICA INTO THE GLOBAL ECONOMY'?

## 1. INTRODUCTORY

The New Partnership for Africa's Development (NEPAD) went through various adjustments over some years to become the version eventually presented officially to the Organisation of African Unity (OAU) Summit in Abuja, Nigeria in October 2001, and was formally adopted in Durban, South Africa, in July 2002, as the economic programme of the newly launched African Union (AU).

### 1.1. African civil society reactions and responses to NEPAD

As it was placed piecemeal on the public stage internationally, during 2000 and 2001, and then eventually made fully public within Africa in the last months of 2001, NEPAD received mixed but generally critical responses from African NGOs and broader social movements, trade unions, church-based and academic researchers, and even many media analysts across the continent. On the other hand, some African civil society organisations and analysts welcome NEPAD and support it both in its aims and its content. But of those that are more critical

- many focus on the process of NEPAD's formulation, and the absence of appropriate and wide-ranging prior public consultation on its very conceptualisation, and in the various phases of its subsequent elaboration and global promotion;
- others focus more on the overriding external orientation, and the basic motivation of the document as a 'fund-raising project' designed to reassure and encourage foreign investment and increased Northern government ODA (overseas development aid) to Africa;
- yet others analyse in some detail the overall paradigmatic framework within which the programme is situated, or the theoretical concepts that are employed within its proposals, and the substance and implications of its specific projects;
- and some analyses combine various or all of these dimensions.

However, cutting across these different approaches or emphases, there is a lively debate within African civil society as to how or whether African non-governmental or civil society organisations (CSOs) should now 'engage' with the inter-governmental NEPAD.

➤ For some CSOs, 'engagement' means a continuation of their rigorous analysis of NEPAD as one part of the longstanding independent research and analyses on African political economy that had been underway well before - and not only in response to - NEPAD; towards the articulation of viable sectoral programmes and comprehensive alternatives for individual countries, regions and the continent. Or, to quote the Accra declaration of April 2002 by African academics of the highly reputable, continent-wide Council for Development and Social Science Research in Africa (CODESRIA), together with activist intellectuals working in civil society organisations and policy institutions throughout Africa:

"In support of our broader commitment to contribute to addressing Africa's development challenges ... we shall deploy our research, training and advocacy skills and capacities to contribute to the generation and dissemination of knowledge on the issues at stake; engage with and participate in the mobilisation of social groups around their interests and appropriate strategies of development; and engage with governments and policy institutions at local, national and continental levels [and] we shall continue our collaboration with our colleagues in the global movement"<sup>1</sup>.

➤ For other CSOs, 'being engaged' means participating in the public consultation processes, and even some official avenues that have belatedly been opened up by the NEPAD secretariat in response to the many process

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<sup>1</sup> Meeting in Accra Ghana 23-26/04/2002, under the auspices of CODESRIA and the Third World Network-Africa.

criticisms; and working therein to contribute to more detailed content for the existing proposals. For some of these, in recognition of current gaps and inadequacies, the declared aim of such 'engagement' is to 'improve' the document as a whole. Thus, the 'Continental Experts Meeting', organised in Pretoria in June 2002 by the Africa Institute of South Africa with financial support from the South African government, recommended that

"an 'All-African Academy of Arts and Sciences' or an 'African Academy of Scholars' be established to institutionalise the intra-African academic partnership as a civil society component of NEPAD [in order to] optimise the opportunities for African intellectuals to add value and participate in the NEPAD process by means of dedicated research and scientifically-based recommendations [and for which] NEPAD funding should be made available... to support the identification and guidance of such Centers of Excellence "

Thus, underlying and informing such very different civil society responses to NEPAD are contrasting positions not only on their response to NEPAD per se but on the role and relationship of African researchers and analysts to African governments and/or to African social movements. But there are also other less manifestly different understandings that this present paper will address:

- about the key features and the main internal and external sources or causes of the problems within African societies, polities and economies;
- about the role and location of Africa in the international system of political and economic relations, and the nature and functioning of that system;
- about the nature of social, economic, political and ideological change, and the ways in which experience, and popular investigation and discussion, organisation and action take such processes of change forward.

However, despite these significant differences of perception and approach, there are also apparent commonalities in motivation and inspiration that are evident in otherwise diverse Africa civil society organisations. There is a wide and deep, intellectual and emotional commitment in most African organisations to the philosophical ideals and political aims of African cooperation and unity, in order for Africans to collectively counter and end the continent's long subordination to powerful external forces and negative factors in the world system; to re-vindicate Africa's rights, its just aims and claims, and to 'rescue', revive and reinvigorate the continent.

## **1.2. Counter pressures and persuasions**

It is precisely these ideals that inform the 'African Renaissance' initiative that preceded NEPAD and that inspires many Africans. But it is also these ideals that governmental and some non-governmental supporters of NEPAD are raising to fend off criticisms of the aims and substance of this particular programme. And it is these ideals and aspirations that are being used to persuade or pressurise African civil society organisations to support NEPAD. The argument, in brief, goes along the lines that

- Whatever are our criticisms of the processes, aims and content of NEPAD, this is now the officially endorsed programme of the African Union (AU).
- The African Union is a gigantic and highly significant political and practical step forward in uniting the whole of Africa.
- African unity is an historical aspiration across the continent which must inspire and guide our approach to the African Union and to NEPAD.

Thus, African civil society organisations are being urged, and some are themselves urging, that 'if you are committed to African unity, you must support the African Union that has been formally agreed by African governments and is in the process of being implemented. And, as you support African unity, you must recognise and realistically accept that, even if you have reservations about NEPAD, it is now *de facto* and *de jure* the economic programme of the AU.'

But an additional argument that some put forward is that this 'new and unprecedented African initiative' has been placed with much effort on the public stage globally, challenging all the negative images about Africa, and it would shame the continent to have this programme undermined by African people themselves. Therefore, 'even if we

are not satisfied with it, we as Africans should close ranks behind it and ensure that it is supported and implemented; otherwise we will be confirming all the stereotypes that outsiders hold about Africans and Africa. Now that NEPAD is 'on the table' we cannot afford to let it fail.'

Such arguments linking African unity, the African Union and NEPAD have powerful resonance with the deep feelings, convictions and concerns of many African analysts and activists, and it is important, therefore, that these arguments be fully laid out and the different dimensions or levels carefully analysed so as to unpack what they actually mean and entail. This is essential in order that popular support for one dimension of this argument does not pull or push people and their organisations into support for another about which there are doubts or deep criticisms. Such persuasions and pressures towards accepting, or at least 'working within' NEPAD could divert the independent and combined efforts of African civil society organisations away from their search for fundamental and definitive solutions to Africa's problems; and, instead, co-opt their energies and efforts into trying to 'improve' a questionable document. If the framework is wrong, as this paper will argue and demonstrate, the systemic logic of that framework, the dynamics of that model will undermine, neutralise or counteract whatever 'positive' elements that reside within it, or that might be inserted within it.

At worst, those African analysts, activists and their organisations that call for 'support' for NEPAD as 'an African initiative' could unintentionally find themselves drawn into defensive diplomatic or 'public relations' postures, or 'damage limitation' exercises around an ill-conceived initiative and poorly formulated document which, in fact, does not do justice to the needs and aspirations of the people of Africa. Nor does it recognise or draw on the accumulated body of knowledge and experience of African analysts and activists, and the longstanding and intensive research and comprehensive proposals on effective alternatives that are available to African government leaders from outstanding African intellectuals, credible African institutions and well-informed and experienced African civil society organisations.

### 1.3. Unpacking and understanding NEPAD

It is in ignoring the well-established wealth of experience, research and debates within Africa, it is in undervaluing all this cumulative analysis and proposals - and producing, instead, an uncomfortably superficial and misconceived programme - that Africa is really being ill-served and possibly even 'shamed' by the creators and supporters of this programme. These are strong words at the outset of this paper, but they will be born out and substantiated in the analysis that follows. At this juncture, however, a further important point to be made is that, in analysing and responding to NEPAD, African civil society analysts and activists must, as in all other spheres, be alert and draw clear distinctions between

- misleading rhetorical flourishes or politically appealing, but token-ist, references to widely held beliefs and aspirations, as indicated above ..... but that are not born out or carried through in the totality of the programme;
- useful general proposals that, in other contexts, would merit support ..... but that raise many questions in terms of their detail within the NEPAD context, and that are contradicted by the NEPAD framework within which they are located;
- the avowed high ideals and well-meaning aims of the initiators and leading forces behind NEPAD ..... but that are contradicted by the substance of their proposals and in the detail of their overall orientation, aims and methods.

NEPAD has to be judged not by its language and generalities, nor by the 'good intentions' of its formulators and supporters. NEPAD has to be evaluated on the basis of close analysis of its substantive proposals and their implications. There are many dimensions of the NEPAD programme that require such analysis, but this paper will evaluate this programme on the basis of the broad questions as to whether

- **its approach and proposals are appropriate for unity, security and development for Africa's peoples,**
- **in the framework of the unity and security, integration and development of the African continent,**

- **in the context of an unfavourable and even hostile international economic and political order.**

## **2. AFRICAN UNITY AND DEVELOPMENTAL INTEGRATION**

NePAD is projected, and has apparently been accepted<sup>2</sup>, as a programme for the whole of Africa; with NEPAD, itself, defining the ultimate of its four main “strategic goals” as “increased African integration” [para 69]. What the time-frames and means are for an ‘increased’ degree of African integration will be extracted from the detail of the programme. But from the outset, the significance of this declared aim has to be judged on where it is situated, and how NEPAD evaluates and relates its ‘integration’ proposals to the long-standing strategic aims and documented plans for African unity and development. This is not simple, as these plans for African unity have complex sources and elevated aims but a history that is contested – both from within and from outside the continent.

It has long been argued by visionary African leaders, such as Kwame Nkrumah of Ghana and Julius Nyerere of Tanzania, and others, and there is a rich African body of research and debates by eminent analysts including such as Claude Ake, Samir Amin, Bade Onimode, Adebayo Adedeji, Dani Nabudere, and a host of others, that African unity is an essential pre-requisite to even begin to change the disadvantageous insertion and subordinate role of Africa in the international capitalist economy, and to end the deep external dependence and external controls over the continent, and the international exploitation of its people and plunder of its resources. No African country on its own (and that includes South Africa) can qualitatively change such economic and political relations with the international system, which intrinsically entails challenging and changing the international system.

On the other hand, while necessary, such African unity will not be sufficient, and will not happen, without political changes within Africa, above all in the character and role of African leadership; which in turn depends upon the mobilisation and engagement of Africa’s people. This is discussed more fully in the assessment of the prospects for the African Union (section 3.4.3 below). At this point, it is important for the effective popular engagement and popular leadership of the processes of internal African political change and continental African unity and cooperation, that African peoples’ organisations be more fully informed on these crucial issues; which are important in themselves and which will, in turn, also enable them to evaluate whether the African Union and NEPAD will further and fulfill these aims.

### **2.1. The strategic aims and objectives of African unity**

There are voluminous studies and well-documented practical initiatives and detailed policy debates on the motivations and means for African (re)unification and development. Many peoples organisations in Africa are to some degree aware of various of the arguments, but it is useful that the broad strategic aims of African unity and integration be summed up - although very briefly – as follows :

- It is imperative to remove the artificial lines drawn across the continent by the colonial powers that randomly cut across societies, families and ‘ethnic’ groups, and indifferent to common linguistic and cultural spheres, natural ecological zones and ecosystems, and pre-existing economic and political systems and relations on the ground in Africa. Africans need to create appropriate institutional frameworks and political means and modalities to counter and undo the divisive and de-stabilising effects of such imposed patterns <sup>3</sup>.
- In this regard, it is necessity to regroup the huge number and multiplicity of arbitrarily created, frequently economically unviable and environmentally unsustainable countries in Africa, which include many that are small in territory and/or population and partly or totally landlocked. Instead, they need to be combined within wider, more natural and sustainable ecological zones, realistic and rational economic entities reflecting the real and potential

<sup>2</sup> Although this has yet to be tested in practice – see section 3.4 below

<sup>3</sup> But which have since been accepted as an inherited ‘given’ by many African governments and others, and actively defended; which is a fundamental aspect of the challenges facing African Unity and the African Union, see section 3.4.3 below.

inter-linkages on the ground, and within potentially more viable and effective regional groupings or communities of nations and peoples.

- Important possibilities are provided within such regional groupings for collectively formulated and negotiated joint programmes to address the uneven resources and imbalanced relations within and between weaker and stronger, larger and smaller economies in Africa, and oriented towards their more balanced, just, stable and mutually beneficial development. This is particularly important between closely inter-related countries where uneven development or under-development of some to the advantage of others has often been deliberately engineered by colonial authorities and corporate interests, and particularly by the apartheid regime in South Africa and in relation to the rest of Southern Africa.
- The mobilisation of the huge developmental potential in the combined or complementary natural resources, human, financial and technical means within larger groupings of countries, with joint cross-border infrastructural and production programmes, will also contribute to increased intra-regional trade within larger regional markets. These together will provide the basis for more internally integrated, multi-dimensional, multi-layered and self-sustaining economies that are, thereby, less deeply dependent upon external economies and external resource inputs, and less extremely vulnerable to manipulations by external economic forces and shocks emanating from the international economy.
- The greater economic potential and political advantages in joint external trade strategies and more effective collective engagements in multilateral trade negotiations (such as with the EU over the Cotonou agreement) will also reduce the possibilities for outside agencies to play African countries off against each other. There is also the proactive potential in forming larger and more effective negotiating blocks, to enter into strategic and tactical alliances with similar regional blocks and countries elsewhere in the South (in the WTO for example), in order to resist big-power bullying, and be better positioned to challenge and even change the terms of the global system.
- The overall strategic potential resides in the possibilities to utilise such stronger economic/political regional entities as effective bases for strategic engagement within - or for judiciously designed relative de-linking and transitional dis-engagement from - the international/global economy. Such larger regional bases and political frameworks could provide the 'space' within which to create and implement diverse development programmes, through multilaterally designed and negotiated processes, and within time-frames appropriate to the specificities of the respective internal needs of the participating countries and communities.

NEPAD, at various points, touches on many of these aims and the motivations for African cooperation and integration outlined above; such as the observation that "most African countries are small both in terms of population and per capita income" [para 93]; the need for Africans "to pool their resources and enhance regional development...." [para 94]; and the importance of "the provision of essential regional public goods, such as transport, energy, water, ITC, environmental preservations, disease eradication, regional research capacity..." [para 95]. The fuller content and context and the implications of NEPAD's own interpretation and application of such notions will be the main subject of this paper. But the entire NEPAD approach has to be evaluated also in the context of existing African continental plans and programmes.

## **2.2. African continental plans and programmes**

NEPAD makes a single reference to "attempts in the past to set out continent-wide development programmes [which] for a variety of reasons, both internal and external, including questionable leadership and ownership by Africans themselves.... have been less than successful" [para 42]. With this simple single statement and sweeping dismissal of past - and existing - programmes for African cooperation and integration NEPAD, according to the declaration out of another large African civil society meeting <sup>4</sup>,

"ignores and sidelines past and existing programmes and efforts by Africans themselves to resolve Africa's crises and move forward from programmes such as the Lagos Plan of Action (1980) and the

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<sup>4</sup> In Port Shepstone, Kwazulu-Natal, South Africa, under the auspices of the continental Africa Trade Network (ATN) and the Southern African Peoples Solidarity Network (SAPSN) parallel to the inter-governmental summit taking place in Durban at the same time to launch the AU and attach NEPAD as its official economic programme.



Abuja Treaty (1991), the African Alternative Framework to Structural Adjustment Programmes (AAF-SAP, 1989), the African (Arusha) Charter for Popular Participation and Development (1990), the Cairo Agenda (1994) and others”.

NEPAD fails to draw out the lessons to be learned on the conceptualisation and the content, or the many factors and forces behind the weak (or non) implementation of such African integration and development programmes. These are extremely complex combinations of varying factors in the differing countries of Africa, across an entire continent, over decades of crisis within Africa and internationally, and with the impact of epochal changes taking place in the global economy; and it is not possible in this paper to go into this history, important as it is. But, as Professor Adebayo Adedeji, former Executive Secretary of the United Nations Economic Commission for Africa points out

“(w)hile African leaders can be faulted in many ways, they have made a series of heroic efforts since the early 1970s to craft their own indigenous development paradigm in the light of their own perceptions... [but].. all these alternative African programmes were opposed, undermined and eventually jettisoned by the Bretton Woods Institutions... with the support or at least the connivance of the donor community”<sup>5</sup>

Hundreds of African academics and NGO analysts, responding to NEPAD, similarly note that the neo-liberal structural adjustment programmes of the IMF and World Bank

“... have reversed policies and programmes, have dismantled institutions in place since independence to create and expand integrated production across and between our economies in agriculture, industry, finance, and social services.....[which] in spite of their limitations, sought to address the problems of fragmented internal markets and weak production structures, as well as the economic imbalances and social inequalities within and between nations inherited from colonialism, and aimed also to address the inappropriate integration of our economies in the global order ..... [but, as a result of IMF/WB interventions] the associated social and economic gains generated over this period have been destroyed”<sup>6</sup>.

NEPAD, in contrast, makes no reference to the destructive role of the IMF and World Bank in taking over the management and ‘restructuring’ of most African economies during the 1980s and 1990s and, in the process discrediting, dismissing and actively dismantling the alternative African development models, structures and institutions - whether in operation or proposed. This silence reflects the fact that NEPAD, itself, is “driven by a discourse that is based on a distorted reading of Sub-Saharan Africa’s post-colonial experience and current challenges.... [which also] reflects the new corps of African Heads of State whose politics is defined by the global neo-liberal counter-revolution”<sup>7</sup>.

At the same time, while declaring proudly that it “differs in its approach and strategy from all previous plans and initiatives in support of Africa’s development” [para 59] NEPAD, in fact, borrows some of the key ideas and proposals from established African integration plans, but it

- selectively and opportunistically utilises such ideas to support its claims to being the indigenous African programme, while barely acknowledging the existence of other African programmes, and does not take on board their fuller content and aims;
- in part because NEPAD has internalised the uninformed and superficial misreading, and the deliberate self-serving misrepresentation by the IMF/WB of Africa’s experiences and problems, with the forced, but often willing, collaboration of African governments therein;

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<sup>5</sup> A. Adedeji “ From the Lagos Plan of Action to the New Partnership for African Development, and from the Final Act of Lagos to the Constitutive Act of the African Union – wither Africa?”, p 3, keynote address to the African Forum ‘Envisioning Africa’, Nairobi, Kenya 26-29/042002.

<sup>6</sup> See footnote 1 above

<sup>7</sup> J. Adesina “Development and the Challenge of Poverty – NEPAD, the post-Washington Consensus and Beyond”, p13 paper presented at the CODESRIA-TWN Africa meeting, see footnote 1. above.

- and NEPAD fails totally to draw out the fact that the discredited African programmes and plans were, in fact, discredited and dismantled precisely because they were based on a different paradigm to that on which NEPAD's own proposals and strategic orientations are based.

### 2.3. Self-reliance and self-sustaining state-led development

These African continental integration plans and development programmes were based on the conviction that "increasing self-reliance and self-sustaining development was the only way to achieve economic decolonisation through transformation and diversification and by promoting sustainable human\_development"<sup>8</sup>. The common underpinnings and fundamental features of such strategic projects were that

- These plans and programmes would be guided by political, social, cultural and environmental as well as economic motivations and financial considerations, and thus they would be **intrinsically "policy driven"** - as the OECD observed about the initial creation and earlier development of the European Community and Union<sup>9</sup>, which is simply a disguised way of recognising that such processes have to be politically-driven.
- The plans and programmes would also, of necessity, have to be based on jointly researched and elaborated sectoral and general agreements, taking into account all the internal variables, and the variations between the participating countries or specific sectors; and would therefore have to be based on finely-tuned mutual accommodations based on 'variable geometry'<sup>10</sup> and other forms of flexibility. And these could only be arrived at through **complex multilateral negotiations** - which is evident, for example, in the complicated negotiations and accommodating - as well as compromising - content of specific SADC agreements and the overall integration processes.
- Such comprehensive, complex and far-reaching projects are thus fundamentally premised on the active **developmental role of the state, and other parastatal and public agencies**, as the initiators and planners, and as the investing, implementing and monitoring agencies; with the role of the private sector located within the multilaterally-agreed regional and national frameworks, and with economic 'market forces' regulated by the publicly defined economic, social, environmental, and other developmental considerations and concerns.

The Alternative African Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation (AAF-SAP-SERT – usually known as AAF-SAP) has many insufficiencies and some questionable positions, but it remains the most comprehensive African articulation of a state-led developmental approach. Although produced under the auspices of the United Nations Economic Commission for Africa (UN-ECA), it was not, as NEPAD suggests, an externally devised and directed programme. It was researched, written and centrally driven by African economists, sociologists, political scientists and others; and, long before NEPAD, declared itself to be "a dramatic new framework for economic policy reforms". But much more coherently and consistently than NEPAD, AAF-SAP aimed to "tackle the fundamental structural distortions plaguing the continent's political economy". Above all, the motivating understanding within AAF-SAP is that "**(t)he heart of successful economic and social self-sustainment will be the endogenisation [internalisation] of development...[through] internal self-reliance and regional cooperation**". Although not excluding "significant external non-autonomous financial flows, [but] disbursed in a more flexible manner than they currently are", the aims of self-reliance according to AAF-SAP entail a "major mobilisation of autonomous resources" from within African countries<sup>11</sup>.

In an even more thoroughgoing contrast to NEPAD, AAF-SAP subjects orthodox structural adjustment programmes to a rigorous critical examination on their assumptions and effects. It may come as a surprise to

<sup>8</sup> See footnote 5 above, p 7.

<sup>9</sup> The 'Organisation for Economic Cooperation and Development' (the research institute and strategic think tank for formerly 24 and now about 29 highly industrialised countries of the world), "Regional Integration and the Multilateral Trading System – Synergies and Divergences", Paris 1995.

<sup>10</sup> Accommodating differing degrees, modalities or even time frames for member countries, or even groups of countries, in their participation in the integration processes, in recognition of their internal specificities or particular situations – which is how the EU also deals with such differences and sensitivities within and between its member states.

<sup>11</sup> This and the following extracts are from a special issue of the UN journal 'African Recovery', 26/6/1989, devoted to the official launch of AAF-SAP. But the full text is available on the UN-ECA site [www.un.org/un-eca](http://www.un.org/un-eca)

many civil society analysts and activists in Africa, struggling to resist neo-liberal policies in their countries today, to learn that many of their critiques were articulated decades ago by African analysts, and even officially and collectively endorsed by African finance ministers (in their OAU meeting in Lagos, July 1989). Thus, AAF-SAP cautions against any policies that would, for the sole purpose of achieving 'financial balance', constrain public investment in productive capacity and human resource development. In this context it argues that

- **government budget deficits** must not be inflexibly pre-determined and reduced at the expense of expenditures on education, health and other social sectors;
- **tighter credit** can lead to output contraction and inflationary pressures and a reduction in productive investment, although it might on the face of it succeed in improving the balances of the current account;
- **higher interest rates** might increase domestic savings and encourage international capital inflows, but "imperfect money and capital markets encourage their use for speculative rather than productive activities" and the higher lending rates will impact negatively on local productive investment;
- **currency devaluations** to encourage export competitiveness and the external balance of payments is counter-productive where such increased exports contribute further to deteriorating international prices and hence export earnings, and render external debt repayments even more onerous;
- **trade liberalisation** could provide international competition to "make local industries more efficient" but not when "these are inadequately financed and under-technologised and therefore no match for the manufactures emanating from highly sophisticated economies";
- **privatisation** driven by "wholesale and doctrinaire adjustment programmes", and based on "the presumptive institutional superiority of private over public enterprises [which] has no theoretical foundation", will simply work to the benefit of transnational corporations; and, above all, results in unacceptable "substitution of the profitability criterion for the social welfare criterion, particularly in such vital areas as water supply".

The broader economic development indicators within the AAF-SAP framework focus strongly on

- ✓ **land reform**, particularly towards women, family and other small farmers, and with the provision also of appropriate **rural credit schemes**;
- ✓ an average of 20-25% of total public expenditure to go towards improving **rural infrastructures** and **agricultural productivity** and, most importantly, aimed at attaining **food self-sufficiency** and expanding **rural employment**;
- ✓ the need to shift African economic output away from the major focus on primary commodity (agricultural, mineral and timber) exports, which over-expose Africa to international market instabilities and external shocks, and yet offer diminishing returns and little internal value added;
- ✓ developing, rather, the **internal linkages between agriculture and local industry**, encouraging commodity beneficiation and **industrial diversification** and producing more for the domestic and regional markets; where, however, even "national industries can be developed that complement those of neighbouring countries rather than competing with them";
- ✓ regional cooperation and collective self-reliance, including the **provision of vital infrastructures** through joint regional projects, but also in **regional production schemes** based on the pooling of scarce resources, and benefiting from economies of scale to produce more efficiently and effectively.

NEPAD also includes such elements in its project proposals (see section 4.2 below), but the general development perspective underpinning AAF-SAP differs fundamentally from NEPAD in that the UN-ECA programme is explicitly designed

"not only to influence the level and structure of production but also the distribution of wealth and patterns of expenditure for the satisfaction of essential needs. The social dimension is at the center of AAF-SAP's concerns, hence it emphasises areas such as employment generation, protection of the most vulnerable social groups, and the satisfaction of peoples needs".

This people-centered and demand-driven development strategy includes targeted governmental **subsidy policies** to increase essential supplies, and selective public **pricing policies** to ensure the accessibility of essential goods and services. Conversely, "consumption patterns should be realigned with production patterns, according to strategic guidelines, so that people consume more of what is produced locally". This can be encouraged by **high**

**taxes on conspicuous consumption, and on certain imports**, and even the banning of unnecessary luxury imports.

Such measures would, in turn, contribute to the creation of an internally generated production-consumption-production development dynamics, but they are all premised on two key features of the AAF-SAP approach.

➤ The first is AAF-SAPs observation on the deficiencies in democracy and in the protection of human rights in many African countries; with a counter-proposal for “greater mass participation in decision-making and in the implementation of programmes [such that] excessively centralised bureaucracies should yield to local decentralisation, grassroots initiatives and community self-management, as the basis for the broader democratisation of African societies” and the forging of “a genuine and active partnership between the government and the people”.

➤ The second is AAF-SAP’s “rejection of the replacement of government by markets” and a justification of the role of the public sector in Africa, “especially in areas such as the building of the physical, human and institutional infrastructure, environmental protection and the provision of essential services”; although it endorses “a pragmatic balance between public and private sectors” and is of the view that “where the State has over-extended itself, particularly in non-social services and non-strategic sectors, selective privatisation could be considered”. Despite this ‘pragmatic’ approach to the problems posed by some experiences of miscalculation and the malfunctioning of major state-owned enterprises and state-led projects in Africa (but see section 2.4.4 below), the AAF-SAP framework is premised on state-led development and fundamental human-centered transformation in Africa.

This type of state-led approach was not a radical departure from established modes and models of that period. They reflected the government-driven ‘modernisation’ or development approach that had been the prevailing model in most African countries after independence from the 1960s; whether they identified themselves as ‘market economies’ (Botswana or Kenya), as social welfare-ist ‘humanist’ mixed economies (Zambia), as ‘African socialist’ or “Arab socialist’ economies (Tanzania or Algeria), or as ‘Marxist’ economies (Angola and Mozambique)<sup>12</sup>. The state-led development model had also been the dominant strategy in many other Third World countries in Latin America and especially Asia during the ‘development era’ of the 1960s and 1970s and, of course, for decades before that in the state-controlled economies of the ‘communist block’. The political-economic system in South Africa under the apartheid regime was (white) state-supported racial/national capitalism. But the central role of the state was expressed even in the social-welfare-ist and social democratic systems in most of the countries of Europe within their highly industrialised capitalist economies; that is until the globalising and marketising neo-liberal counter-revolution got fully underway from the late 1970s and throughout the 1980s and 1990s.

#### **2.4. The global neo-liberal counter-revolution in Africa**

This was the international context for the destruction of the developmental and welfare-ist state model in Africa, as well, although there were features and factors specific to the continent and to particular African countries that made this reversal more rapid and sweeping than elsewhere<sup>13</sup>. This ‘counter-revolution’, or what many African peoples organisations see as the recolonisation of Africa, was driven by and through the IMF and World Bank take-over of the technical management and policy direction of the dozens of African countries that came under their sway from the early 1980s. This was made possible through four main factors and processes.

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<sup>12</sup> But it must also be noted - because this was used against the state-led model altogether - that even in those countries under military rule (Nigeria) and other forms of dictatorship (Malawi), or those run as private domains of plunder by ruthless kleptocracies (Zaire), political, military and economic state institutions were used by them for their nefarious and notorious purposes. This was not, of course, unique to Africa or to other Third World countries, but it was routinely identified with them by the IFIs and Northern governments, their media and their think tanks.

<sup>13</sup> Except, later, with the creation of ‘free market economies’ in the former Soviet Union countries and Eastern Europe from the 1990s, with reportedly even more devastating effects than in Africa under SAPS.

**2.4.1 Financial levers and controls** - Most African countries that had been encouraged to borrow extensively from foreign banks and to accept loans from rich governments, during the 1970s, found themselves descending into unsustainable external indebtedness as the international economy entered into a period of crisis. African export earnings to pay their debts deteriorated, at the same time that international interest rates spiraled in order to provide the financial-underwriting to deal with the economic problems in the richer countries, especially the US. The external 'debt crisis' enabled the IMF/WB to move in on African countries and to utilise – and deliberately sustain – that external indebtedness in order to justify their policy controls designed to restructure and 'open up' African economies in the service of the emerging 'global economy'.

**2.4.2 Political justifications** - An additional cause of the financial crises in most African countries, and an additional justification for the IMF/WB to 'restructure' their governments, institutions, economies and societies, was that many African countries had descended into deepening economic and political crises under the rule and abuse of military dictatorships, or nominally 'elected' single-party governments and 'great leaders' and 'life-time Presidents', as well as the pervasive and self-serving rent-seeking and patronage systems of the ruling elites. Although some were more oppressive and corrupt than others, these systems of rule and these rulers were gradually losing (or from the start totally lacking) legitimacy with their own people, and thus the errors and abuses of the African ruling elites further opened the way for the international finance institutions (IFIs) and Northern governments to step in and pose as the paternalistic saviours of Africa.

**2.4.3 Economic inducements** - The policing-cum-patron role of the IFIs was, however, focused also on 'reforming' and winning over the ruling elites in Africa - whether governing, political, technical, business, professional or intellectual elites. This was achieved, on the one hand, by employing financially susceptible and intellectually persuadable (or opportunistic) African professionals and academics to undertake 'consultancies' with The Bank, or even to become nominal directors in the IMF and related institutions. The same seductive methods were used with African government technocrats, or even political figures. But the most pervasive and successful co-optive strategy employed by the BWI was through encouraging those well-positioned in African state structures and African societies - those better endowed with technical/management skills, or money, or 'contacts' - to become the main internal beneficiaries of the sweeping privatisation and marketisation of African economies; and, hence, the new ideological converts, ardent defenders and promoters of 'market' economies.

**2.4.4 Ideological offensives** - Running throughout the two decades of IMF/WB take-over and virtual rule in Africa was their determined ideological offensive to counter and totally marginalise alternative proposals and programmes. Their analyses not only discredited and dismissed what they called "statist", or "dirigiste" or "commandist" models of development, but they actively dismantled the state-based institutions and structures that had played such an important role in achieving improved levels of economic growth and much-improved social indices in countries throughout Africa. The ideological, political and practical counter-offensive had the effect of getting rid of not only malfunctioning state bodies, but also effective and important state structures. Even if many of these bodies did not function as could be desired, they were playing important roles, and could have been reformed, adjusted and rendered as effective as necessary. In this way, the IMF/WB pre-empted the kind of intensive analysis of state institutions, and the state-led model of development, that was required – and that many African analysts and civil society organisations had been calling for - in order to identify where the failures came from, and whether these were due to circumstantial and conjunctural factors, to design and implementation flaws, and management failures, or to more fundamental conceptual problems.

## **2.5. African resistance, and counter-manoeuvres by the World Bank**

Not all Africans, including many African academics and intellectuals, were won over by IMF/WB seductions, or convinced by their theories. Together with African NGOs, trade unions and labour organisations, community and faith-based bodies, and womens organisations, independent investigations were sustained, and well-documented reports produced exposing the aims, nature and effects of IMF/WB SAPs – with invaluable support from their counterparts in the North

The influence of these efforts on the more committed, less compliant/corrupt African government leaders and officials were even reflected in formal collective pronouncements on the international stage, such as through the

G77 meetings, or in the UN, and even in inter-governmental continental programmes. It was at these levels that there could be a relatively greater degree of independence of debate and mutual influence; allowing weaker governments to support more independent programmes under the protective umbrella of collective African positions... unlike in their own separate national contexts where they were under constant IMF/WB controls, pressures and threats. There was, thus, a frequent dichotomy or contradictions between what African governments were endorsing at the continental level and what they were actually implementing, willingly or unwillingly, at the national level.

Nonetheless, every time Africans produced their own collective programmes to deal with Africa's dilemmas, and even when UN agencies made their own criticisms of IMF/WB programmes, and produced alternative proposals in support of Africa, these were immediately followed and outflanked by counter proposals by the IMF/WB and endorsed by the governments of the powerful 'donor' countries. In the long catalogue of tactical positionings and counter-manoeuvres by the IMF/WB during these decades, the most significant for this present paper were those in relation to

- The OAU Lagos Plan of Action (LPA) in 1980 ..... which was immediately countered by the IMF's 'Berg Report', a thoroughly superficial and biased 'study' effectively blaming a selection of internal factors for the emerging crisis in Africa, and completely ignoring the impact of external forces and factors in the international economy. But this provided the justification for the Bretton Woods Institutions' assumption of the role of 'expert' authorities on Africa and over Africa for the next decades;
- The UN Programme for Accelerated African Recovery and Development (UN-PAAERD) in 1986, followed in more detail by the UN Economic Commission for Africa's AAF-SAP, finalised in July 1989 ..... which were promptly countered by the World Bank's "Sub-Saharan Africa: from Crisis to Sustainable Development, A Long Term Perspectives Study" (known as the LTPS). This was made the text book on Africa for the hundreds of IMF/WB and other 'experts' who swept in and out of the continent;
- The OAU's Charter for Popular Participation in Development (Arusha, 1990) and the UN's New Agenda for Development in Africa (UN-NADAF, 1991) taking up many aspects of UN-ECA's framework ..... which prompted the World Bank to reinforce their own interpretation of "The Challenges of Development", projected even as the title of their World Development Report for 1991;
- The OAU's 1991 Treaty of Abuja for African integration and development ..... which was similarly countered by the World Bank's confidential document in 1991, entitled "Intra-Regional Trade in Sub-Saharan Africa". This deliberately aimed at pre-empting developmental regional integration within Africa, and between African regions, by promoting instead liberalised trade and foreign investment, and market-driven "open regionalism" in Africa as a "stepping stone" for the continent to fit into the global economy;
- The studies undertaken by UNCTAD, together with many independent researchers and analysts, into the highly 'interventionist' and decisive role of the state and parastatal agencies in the creation of the claimed 'market model' behind Asian 'miracle' economies, and the continued public exposure by African CSOs of the failure of the 'free market model' being imposed by the IMF/WB in Africa. These led - through a series of incremental adjustments within the World Bank formulations from the "minimalist" state, to the "market-friendly" and "enabling" role of the state - to its proud 'discovery' of the vital role of the state in Africa, although still defined mainly as a "capacity building" agency, in its 1997 World Development Report which took 'the role of the state' as its theme, and was designed to instrumentalise the African state as the co-implementing agency with the WB in Africa.

During these and other tactical leapfrogs, the World Bank never admitted that these repeated initiatives were designed to outflank and displace alternative Africa programmes. Nor did they, in any way, admit publicly to their own errors and failures, and often even suppressed such critical analyses and reports within their own ranks. Although the 'new' World Bank has very recently – and very belatedly – begun to make such admissions of failure, it is also notable that it still does not admit that it is now adopting – or rather adapting - ideas and policies that African academic and civil society analysts have been arguing for throughout the orthodox SAPs decades.

As the failure of their policies in Africa continued to be exposed and eventually became undeniable, and as questions about the continued role of the World Bank even entered mainstream discussion, the selective

borrowings by the Bank of elements from other sources were used to disarm their critics, and polish-up and defend their continued role in Africa. This public relations campaign won over some of the more gullible governments in Africa, and even some NGOs. But the 'new', more 'poverty conscious' and 'people-oriented' World Bank has also very evidently found favour with the framers and promoters of NEPAD, who endorse the IMF/WB Poverty Reduction Strategy Plans (PRSPs) and other programmes and 'funds'; and NEPAD makes frequent recommendations on working with and within IMF/WB programmes [para 188].

But, in spite of these tactical adjustments in their programmes and their self-righteous posturing, the IMF/WB did not manage to wipe out the indigenous programmes and aspirations from the memory and political discourse within African civil society and even amongst some African government officials. Most, however, remained compliant and complicit with the IMF/WB and, in practice, these officially endorsed African alternatives were only implemented in very piecemeal and limited ways, and largely within some of the more effective of the regional groupings in Africa – which is why these regional integration communities also became the target of World Bank-led neo-liberal counter-strategies<sup>14</sup>. Thus, although developmental integration remained the official aim of the OAU, this was largely only on paper. Nonetheless, it was from these largely 'paper agreements' that The Lagos Plan (1980) produced the Abuja Treaty (1991) which produced the African Economic Community (1994), which prepared the way towards an African Common Market, and eventually the African Union (2002).

### **3. THE AFRICAN ECONOMIC COMMUNITY, AND THE AFRICAN UNION**

The conceptualisation and implementation of each of the intended 'phases' of African integration, and the setting up of the AU itself, require critical examination, in and of themselves. But, in this paper, such an analysis is additionally necessary because it was during this evolution, however flawed or questionable, that NEPAD suddenly emerged, and was inserted into the process. At this point, therefore, it is necessary to make a broad overview of the aims and terms of the African Economic Community (AEC) plan in order to evaluate the fuller significance and implications of this programme which is now apparently co-existing - or competing? - with NEPAD as the economic programme of the African Union.

The Objectives of the AEC [Article 4] reiterate the officially endorsed African consensus on creating "endogenous and self-reliant development" .... based on the "mobilisation and utilisation of the human and material resources of Africa" .... for "joint investment programmes in the production and trade of major products" .... within the framework of the economic integration of the continent. However, the AEC treaty goes further than AAF-SAP, for example, in laying out an elaborate plan of implementation, within six stages of variable duration, over "a transition period not exceeding 34 years" in order to foster "the gradual establishment of the Community" [Article 6]. This is to be created through the strengthening and promotion of existing and further Regional Economic Communities (RECs) in all the designated regions of Africa , but ..... "it being understood that the establishment of the Community is the final objective towards which the activities of existing and future RECs shall be geared" [Article 88].

Within this general framework, the timetable and sequenced stages of integration are based on:

- a first phase, already passed, (1994 - 1999) which was ostensibly devoted to "strengthening the existing Regional Economic Communities";
- a second phase of eight years (1999 – 2007) which is to be focused on promoting intra-regional trade through the "stabilisation" of tariff regimes, the removal of non-tariff barriers, and the gradual harmonisation of external customs regimes towards outside states; as well as the coordination and harmonisation of activities with other existing or future RECs;

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<sup>14</sup> D. Keet "The Neo-Liberal Challenge to Prospects for Development Cooperation and Integration in Southern Africa", Occasional Paper #11, Institute for African Alternatives, Johannesburg, December 1994.

- a third phase of ten years (2007 – 2017) which aims towards the establishment of a free trade area within each REC based on the removal of all intra-regional tariffs and non-tariff barriers, and each gradually moving towards common external tariffs in relation to states outside that regional grouping;
- a fourth phase of two years (2017 – 2019) which prescribes the formation of a continental Customs Union, going further than free trade between the states within the CU through the creation of common external tariffs surrounding all the member states in relation to all states outside the Africa CU;
- a fifth phase of four years (2019 – 2023) which sees the establishment of a continental African Common Market, going beyond trade integration to include common sectoral policies, the harmonisation of monetary, financial and fiscal policies, and allowing the free movement of persons between the member states;
- a sixth phase of five years (2023 – 2028) which envisages the consolidation of the African Economic Community - with monetary union and a single currency, the integration of all sectors, the free movement of all factors of production in a single integrated market, and the establishment of a Pan-African parliament and executive organs.

### 3.1. 'Special and differential' development provisions within the AEC

Within this general timetable, the treaty contains **Exemptions and Safeguard Clauses** [Article 35] that individual countries may invoke; applying permitted tariff, quota and other restrictions in specified situations - including for the protection of vulnerable infant industries, responding to negative impacts of sudden and large import surges, and dealing with balance of payments difficulties. These and other standard precautionary measures also include

- ✓ the provision for an agreement on **Rules of Origin** to prevent imports from outside an REC from transiting into other member countries through any one member country which may have more permissive external tariff regimes or weaker customs controls at their borders [article 33];
- ✓ a prohibition on **Dumping**, to prevent the export and sale of goods from one member state into another at less than the exporters' domestic production cost or sale price, with a view to off-loading excess domestic stocks, or achieving 'unfair' market penetration [article 36];
- ✓ the further precautionary provision allowing corrective measures to be implemented against "substantial **trade diversion** in favour of goods imported under other agreements to the detriment of similar goods of the same category manufactured within and imported from other member states" [Article 41];
- ✓ the stipulation that no bilateral agreement between any Member State and an outside state "under which tariff concessions are granted [to that outside state] shall be incompatible with the obligations arising out of this treaty" [article 37].

Other special provisions and significant exceptions are made within the overall processes of the creation of the AEC. The first is a temporary exemption from the full application of certain provisions of this treaty for the member states of the Southern African Customs Union (SACU) [Article 78]. This possibly reflected the transitional phase of reform that SACU was entering at the time of the ratification of the AEC treaty in 1994, as the dominant SACU member, South Africa, moved towards democracy; but questions remain as to the motivation and duration of this exemption. More legitimate is that consideration will be given to "the special economic and social difficulties that may arise in certain Member States and especially the least developed (LDCs), land-locked, semi-landlocked and island countries" (known as SILSs) which will be granted "where appropriate, special treatment in respect of the application of certain provisions of this Treaty" [Article 79]. This special treatment includes "temporary exemptions from the full application of certain provisions of this treaty" and assistance from the "Solidarity, Development and Compensation Fund" to be set up by the AEC.

These are significant support measures and precautionary provisions to protect weaker partner economies or specific economic sectors within the respective countries involved in the regional economic integration processes. These are necessary in order to ensure, as far as possible, the balanced and harmonious development of all the participating countries, and to prioritise, wherever possible, production and trade within and between the participating states as compared with outside states. These are all vitally important provisions for effective, more



self-reliant, mutually-stimulating and collectively self-sustaining development, and for more just and balanced development.

It is such redistributive policies and compensatory funds that the European Community itself used in the earlier social democratic decades to achieve its own more balanced development within and between its member states. But such an approach is, today, deplored by neo-liberal theorists and institutions – and by the European Commission in its dealings with Africa - as undesirable state “interventionism” against the efficient functioning of market forces and free trade. And such measures are opposed by other neo-liberal theorists as being counter-productive “protectionism” that is neither in the interest of the economies within such regions, nor propitious for their effective “integration into the global economy”<sup>15</sup>. The ultimate evaluation of NEPAD will have to establish where it is situated in relation to these contrasting and competing approaches. Towards that, however, there is also a range of questions to be posed about the African Economic Community plan *per se*, about its relationship to the Regional Economic Communities, and to the African Union; and, by extension, of them all to NEPAD .... and *vice versa*.

### **3.2. The terms of the Constitutive Act of the African Union**

The Objectives of the African Union [Article 3] are also declared to include greater unity, accelerated political and socio-economic integration of the continent, sustainable development at the economic, social and cultural levels, and the “promotion of self-reliance within the framework of the Union”. Amongst other worthy Principles [Article 4] there are other established OAU commitments: to sovereign equality and interdependence, respect for borders, peaceful resolution of conflicts, peaceful co-existence of member States, and “non-interference by any member state in the internal affairs of another”. But the AU principles also include some departures from the earlier established norms, namely

- ✓ “the right of the Union to intervene in a Member State pursuant to a decision of the Assembly in respect of grave circumstances: war crimes, genocide and crimes against humanity”;
- ✓ “the right of Member States to request intervention from the Union in order to restore peace and security”;
- ✓ “the condemnation and rejection of unconstitutional changes of governments”.

In this connection, the AU includes provisions [Articles 23] for the Imposition of Sanctions on states failing to comply with the decisions and policies of the union; and for Suspension [Article 30] of “governments which shall come to power through unconstitutional means [which] shall not be allowed to participate in the activities of the Union”.

Like the OAU/AEC, the African Union aims “to coordinate and harmonise the policies between the existing and future RECs for the gradual attainment of the objectives of the Union” [Article 3]. The OAU Summit in Sirte, Libya (that actively impelled the African unity process forward) reaffirmed “the status of Regional Economic Communities as building blocks of the African Union and the need for their close involvement in the formulation and implementation of all programmes of the Union” [para 8(b)]. This clause also instructs the Secretary General of the OAU to

- ✓ “initiate reflection on the relationship between the African Union and the respective RECs, including the adoption of appropriate decisions on the most effective modalities of actualising this relationship”, and to
- ✓ undertake the necessary consultations with all the RECs in order to examine the implications of the Constitutive Act of the African Union on
  - the existing institutional, operational and programmatic relationship between the OAU and RECs;
  - current and future programmes of RECs in relation to the objectives of the African Union;
  - a new protocol to govern the relationship between the AU and the RECs.

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<sup>15</sup> World Bank, Africa Region Economics and Finance Division, “Intra-Regional Trade in Sub-Saharan Africa”, 23/05/1991.

However, the Constitutive Act of the AU explicitly supersedes existing structures of the OAU and AEC; instructing them to “undertake the necessary measures regarding the devolution of assets and liabilities to the AU and all matters relating thereto” [Article 33.1], and placing their plans, policies and programmes in a conditional status by stating that “(t)he provisions of this Act shall take precedence over and supersede any inconsistent or contrary provisions of the Treaty Establishing the African Economic Community” [Article 33.2]. This latter may merely be a formal precautionary legal provision but it assumes greater significance and raises questions in the light of the (apparent) adoption by the AU of NEPAD as its official economic programme. Before examining in full the implications of a possible displacement by the AU of the AEC and the apparent replacement of the latter by NEPAD as Africa’s common economic programme, there are a number of questions and challenges to be posed about both the AEC and the AU, in themselves, and as the background and basis on which to evaluate NEPAD as well.

### **3.3. Questions and critical observations on the African Economic Community**

**3.3.1 The overall plan, paper or practical reality?** The opening questions - based on a post-colonial African history littered with non-implemented projects - are whether the AEC had or has, in practical terms, actually gone beyond being another ‘typically OAU’ paper agreement. That would *per se* be some indication of the commitment of African governments to its aims, and some indication of its potential to survive ‘competition’ from NEPAD. It would also give an indication of the policy space for African governments to participate in such a state-led programme while under IMF/WB financial and policy controls; and, by extension, their will to resist or counter the IMF/WB-approved NEPAD approach.

**3.3.2 The implementation so far?** A further question about the practical reality and implementation of the AEC plan ‘on the ground’ is that it is already lagging behind on its proposed timetable for the implementation of phase one (1994-1999). There is little evidence as to how the first phase did, in fact, “strengthen” the existing RECs. Legitimate doubts can even be posed on the OAU/AEC Secretariats’ grasp of the different RECs underway in Africa - as exemplified in the ill-conceived OAU efforts to ‘rationalise’ the SADC and COMESA<sup>16</sup> groupings because of their overlapping inclusion of states in East and Southern Africa; while apparently missing the more fundamental fact that these RECs are based on differing programmes and, in principle, on different paradigms<sup>17</sup>. Similar interventions may have happened with other African RECs as well, and poses the basic question of the role of the OAU/AEC Secretariat and the autonomous development of RECs.

**3.3.3 One pre-set common continental plan?** Related to this is the problem that even the scheduled plan covering a period of thirty four years is both over-ambitious and unrealistic in attempting to prescribe a common timetable for a large number and great diversity of countries and RECs. Their governments - even had they the best will and total commitment to the AEC - would find it extremely difficult to all measure up to the pre-set transitions from phase to phase. Thus, the second phase from 1999-2007 - supposedly focused on promoting intra-regional trade through reduced tariffs, the removal of non-tariff barriers, and the harmonisation of common external tariffs by the respective countries, as well as coordination and harmonisation between RECs - does not seem to recognise, as the current Executive Secretary of UN-ECA observes, that “each successful regional initiative must be crafted for its particular political and economic environment”<sup>18</sup>.

**3.3.4 Intra-regional preferential trade or ‘free’ trade ?** - In recognition of such country differences, and different vulnerabilities to trade liberalisation, provisions for the promotion of intra-regional trade have to be internally designed for differential rates of tariff reduction between different economies, with respect to different

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<sup>16</sup> The Common Market of Eastern and Southern Africa that officially grew out of the Preferential Trade Area (PTA) supposedly encompassing - but unevenly observed by - more than twenty two countries from Sudan to the borders of SA, and half a dozen of them also active members of SADC at the same time.

<sup>17</sup> Although pressures on and within SADC are pushing it towards trade and investment liberalisation programmes closer to the neo-liberal perspective of COMESA; see footnote 15 above.

<sup>18</sup> Speaking at the ECA meeting of 4/03/2002 in Addis Ababa.

sectors, and even for different products, according to the needs of the respective member states, and especially for the LDCs and SILSs, as the AEC proposes. Thus, even where the long-term aim is to establish 'free trade areas' within RECs, this could only be done after long periods of differing and negotiated intra-regional preferential trade terms, together with active national/regional compensatory investment and production programmes. The problems with the AEC programme for regional FTAs reside not so much in the ten year period designated for this, but in the failure of this plan to point clearly to the differential rates of tariff reduction, and the necessarily fine-tuned trade provisions entailed in getting there. The AEC plan also does not specifically point to the importance of REC member states giving preferential treatment to fellow members' trade. This has implications not only in relation to exporters from outside Africa, which is legitimate, but also to exports from other countries or regions within Africa; and hence the necessity for differential and preferential tariff and other arrangements for inter-regional trade even before common external tariffs are agreed.

**3.3.5 Inter-regional 'coordination and harmonisation'?** The difficulties of negotiating agreements between groupings of countries following differing trade and other economic policies, and at different levels of intra-regional integration, means that it is more difficult than the AEC plan seems to recognise to introduce "coordination and harmonisation" between the different African RECs. An illustration of this was the challenge of negotiating graduated and differentiated tariff reductions between the member states of SADC, while five of them belong also to the Southern African Customs Union. This meant that South Africa, as the dominant member of both SACU and SADC, could not negotiate much more rapid rates of tariff reduction in relation to other SADC states, as it should have done, because the other weaker economies of SACU argued that they would also have to cope with the expected increased import flows into SA and thus into the common customs area. Similar multiple memberships of different regional programmes exist in East and West Africa, and indicate that trade relations and, even more so, inter-regional coordination and harmonisation on a broad array of policies, will be extremely complicated. Such arrangements will have to be painstakingly, and pragmatically, negotiated within and between the respective regions and not prescribed in advance and from 'on high', even with the best of intentions.

**3.3.6 Regional and Continental Customs Union(s)?** - Similarly, while member states have different internal economic and financial regimes and different views on the role of customs duties as sources of government revenues, it is difficult to negotiate away external tariffs according to a broader regional, let alone a continental, timetable. Yet, common external tariffs are important policy measures towards encouraging intra-regional trade, and mutual development, by judiciously tempering foreign trade penetration and unsustainable competition. Thus, while the AEC plan correctly proposes that CETs be introduced gradually over a ten-year period, this will, nonetheless, be difficult for member states to agree and implement. The AEC plan for the introduction of regional CETs, and eventually around a continental Customs Union, should also calculate for the fact that many African countries have radically reduced their external tariffs according to SAP prescriptions. Under the WTO requirement that the introduction of a common external tariff has to be based on a weighted average of all the external tariff regimes involved, this will exert downward pressures on such common external tariffs for RECs, and even more so for the entire continent, which would reduce their effectiveness.

**3.3.7 Conflicting external bilateral and multilateral agreements?** The further complication in the framing of CETs is that many African countries have signed bilateral trade agreements with non-African countries – such as South Africa's reciprocal trade liberalisation agreement with the EU. The AEC cautions against such bilateral trade agreements countering intra-Africa trade and development [Article 37], but it remains to be seen how the tensions and contradictions will be dealt with, especially by SA. The consolidation of RECs could, similarly, face multilateral regional agreements with outside entities, such as the Regional Economic Partnership Agreements (REPAs) between African RECs and the EU that Brussels is determined to impose. Washington's unilateral African Growth and Opportunities Act (AGOA) is inducing individual African governments to accept separate trade and investment terms with the US that will undermine the potential for collective African arrangements. The OAU is even more remiss in actively welcoming AGOA, without apparent concern for its implications upon national, regional or continental programmes; and NEPAD does the same (see 4.2.7 below).

**3.3.8 Trade and/or production promotion?** More broadly, the entire implementation programme of the AEC, even though correctly based on stages and levels of increasing integration, is basically framed as a trade-based and trade-driven process. It does not seem to recognise that, while external trade may stimulate internal production, it is domestic economic development and diversification that is primary and that is the fundamental basis to more effective trade. In so far as the AEC plan takes on board the promotion of sectoral/productive development and “common sectoral policies”, this is only directly mentioned in the fifth phase (2019-2023), that is with the creation of a Common Market. On such terms, this plan would not, therefore, make complementary, cooperative and coordinated national and regional production strategies a central aim and purpose, and intrinsic component of the very processes of integration from the start. If this is the case, then NEPAD would seem to have a more appropriate integrated and integrative approach than the AEC’s in this respect (see section 4.2.4 below).

**3.3.9 Sectoral production protection and support ?** However, in assessing the AEC’s specific separate proposals for agricultural development and food security [Article 46], it is significant to note that, unlike NEPAD, it suggests “protecting the prices of export commodities on the international market by means of establishing an African Commodity Exchange”, and proposes “the protection of regional and continental markets primarily for the benefit of African agricultural producers”. Similarly, in Industrial Development [Article 49], the AEC plan also explicitly prioritises “collective self-reliance” and employment generation - rather than ‘export competitiveness’ as NEPAD does (see sections 4.6 - 4.8 below). And such industrial development is to receive public financial and technical support, drawing on local components and other inputs, and to be characterised by “industrial specialisation in order to enhance the complementarities of African economies, and expand the intra-community trade base [with] due account being taken of national and regional resource endowments”.

**3.3.10 The African Common Market and the AEC?** Common sectoral policies, the harmonisation of monetary, financial and fiscal policies, and the free movement of persons are prescribed for the African Common Market by the end of the coming twenty one years . In the even higher phase to be completed five years after that, the AEC plan envisages the achievement of monetary union and a single currency, the integration of all sectors and the free movement of all factors of production in a single integrated market. These are theoretically soundly based proposals, although they do not seem to include the harmonised social, labour, environmental and related policies, and the other dimensions that would be required to achieve the more advanced African Economic Community that is foreseen. More significantly, however, these levels and forms of integration, particularly the monetary and fiscal, are over-optimistic expectations, given the wide political, social, cultural and environmental, let alone economic, differences between African states. There are also some forewarnings for Africa from the experience of the European Union which, after more than half a century and with vastly greater resources than Africa, has not yet achieved the degree and uniformity of integration that the AEC plan anticipates within a total of thirty four years, of which only twenty six years remain. The constitutive act of the African Union seems even more oblivious to such complexities and is already, apparently, considering the creation of an African Reserve Bank, in a situation where most African governments do not even control their own central banks, let alone their monetary, fiscal and broader financial policies which are largely dictated by external agencies, such as the IMF.

**3.3.11 Relationships within the RECs, and in relation to the AEC ?** The RECs are being created through inter-governmental negotiations, although the modalities differ according to the respective national political situations/institutions and intra-regional political relations. But, driven by national governments concerned with ‘national interests’, or interests within their national states, the RECs will continue to be constituted by a range of independent participating states, even though these would have to cede a degree of their autonomy or ‘national sovereignty’ in jointly agreed cross-border arrangements. On these terms, a region such as SADC, even at a much more advanced stage of its integration, will be a community of nations rather than a unitary entity, and will be governed by multi-national intra-regional institutional arrangements reflecting this. This poses questions about the relationship of such nationally driven and internally regulated regional communities to the overall ‘African community’. In planning for such a high degree of integration, the AEC treaty does not indicate whether the RECs, as ‘building blocks’ of a united Africa, would continue to exist as an constitutive components of the continental

edifice, or whether they would be expected to merge into the continental community and disappear. The Sirte Summit towards the AU calls for consultation with the RECs on this.

### **3.4. Questions and critical observations on the African Union**

**3.4.1. AEC economic processes and/or AU political processes?** Similar questions remain about the continuing existence and political role of the established national entities in Africa in the short and even the long term. The AEC treaty plans for national representation in continental institutions - including an Assembly of Heads of State, a Council of Ministers, an Economic and Social Commission, a Court of Justice and other such bodies [Articles 7- 27] - to lead and accompany the processes of economic integration. Joint African financial institutions, a Pan-African parliament and related arrangements are to be introduced at the most advanced stage of economic integration. This contrasts with the AU plan to introduce such institutions quite rapidly, and apparently independently of the implementation of the economic integration of the continent. Thus, the AU has not only leap-frogged over the AEC's intermediate stages but inverts the relationship between the economic and political processes. This reflects a long and ongoing debate within Africa about the nature and driving forces of African cooperation and integration; a debate that is also posed in terms of the differences between a 'top-down' politically conceived and centrally driven continental process, or 'bottom-up' economically-based but politically directed, and autonomous although incrementally converging regional processes.

**3.4.2 An inclusive or a selective association of states? A further contradictory aspect to the** creation of an African Economic Community as the economic base of an African political union, is that, while such regional and continental plans are suggested to be all-inclusive, the AU indicates that membership of the Union has to be applied for [Article 9] and can be suspended, [Articles 29-30]. This may be politically necessary with specific states and on legitimate grounds, but it raises questions about the maintenance and functional integrity of the customs, trade and other economic arrangements on the ground, if participating states can be withdrawn from their operation for short or longer periods depending on other non-economic considerations. NEPAD is even more explicitly proposed to be a more limited association of states; membership of which will be formally based on adherence to the 'good governance' criteria stipulated within the NEPAD plan [para 147]. Such participation will also, in practice, be decided by the donor 'partners' and investors in the NEPAD projects selecting which African countries/groupings measure up to their own political good governance criteria, and which projects conform to their economic (neo-liberal) 'good governance' requirements, or not.

**3.4.3 The African Union – political perceptions, and prospects?** The AU seems more preoccupied with governance in the sense of the necessary institutional provisions rather than the norms of politically transparent and democratically accountable government. But, from the point of view of many current African governments, the AU act undoubtedly holds out unacceptable, if remote, possibilities for sanctions being imposed that could complicate their access to financial resources and investment, particularly if the 'peer-review mechanisms' proposed by NEPAD is actually implemented. It has yet to be seen at what pace, or whether, the necessary number of African states will actually ratify the AU Constitutive Act..... and/or actively support NEPAD. With great optimism - or self-delusions - the AU is routinely projected by its supporters as if it is a consummated reality; although AEC formulations also frequently suggest that it, too, is already in existence rather than the aim and outcome of long complex processes. In fact, both AEC and AU creators seem to believe that conceptualisation is the same as consummation. They tend to conflate formal political declarations with actual legal ratification; assume planning to be synonymous with practical realisation, and prescription to be sufficient to achieve actual implementation. Or, as Professor Adedeji observes " (t)here is always a childlike naivete among African leaders and policy makers that rhetoric and reality are the same.." [Adedeji, 2002, 11]

**3.4.4 The role of African elites, or peoples organisations ?** The mass of Africa's people have much more realistic – or sceptical - views about the projects of their leaders. Apart from having well-founded doubts about how African leaders will actually 'deal' with their erring fellow leaders; for the people 'on the ground', the AU so far is simply about leaders making more inspirational statements and setting up further layers of high-level political

structures. Even with respect to the setting up of a Pan-African parliament, this will, for the majority of the population, be an even more remote body than the currently largely inaccessible, elite-serving national parliaments in Africa. The proposed consultative continental parliament, while apparently providing for some democratic oversight, actually reflects, and will reinforce, the AU's top-down elite-based character. A more immediately relevant question for African peoples organisations, is whether, or how, the commitment within the OAU/AEC to establish "mechanisms for consultation" with African civil society has been and will be acted upon in order to "encourage involvement ... and support to the AEC" [Article 90]. Given the notorious failure of African leaders to act on their own declarations and plans, popular interventions will be essential to compel African governments to act. It would also be a basic precondition for active popular engagement in these African programmes if African civil society organisations were convinced that the AEC and the AU *modus operandii* are qualitatively different to the manner in which NEPAD has been conceived, created and promoted hitherto.

#### **4. NEPAD AND AFRICAN REGIONAL AND CONTINENTAL INTEGRATION**

The foregoing questions and observations on the detailed terms and aims of the African Economic Community clearly cast its potential effectiveness into a critical light. But, problematic as many aspects of the AEC plan may be, NEPAD does not tackle such complex questions, has no coherent sequenced plan of action on this, and makes no more than the briefest of passing references to "(t)he goals of achieving a Common Market and an African Union" [para 107].

If anything, the AEC plan, despite its many deficiencies, comes across as the more carefully thought-through, systematic and consistent plan of action - quite apart from being more soundly based on Africa's real experiences in recent years, and Africa's fundamental needs for more a self-reliant, self-sustaining, and united future. In comparison with the AEC plan, NEPAD is unsystematic in the organisation of its proposals and inconsistent in its overall structure, and seriously lacking in its analysis and approach. On many general issues, such as debt 'relief' (rather than total cancellation) and poverty 'reduction' (rather than eradication) NEPAD's positions are actually a retrograde step backwards from positions already taken by African governments, and in the G77; let alone the much more advanced positions of African social movements in these spheres. These pose highly significant challenges to the claims by NEPAD to be the 'leading' document in and for Africa on these and many other vital issues. But this paper poses the same question more specifically on the way in which NEPAD approaches the challenges of regional and continental African integration *per se*; and this is framed partly in terms of its comparison with the earlier AAF-SAP and AEC plans, but much more in the context of cutting-edge non-governmental debates and perspectives in Africa in recent years and today.

The inadequacies within and inconsistencies between different sections of the NEPAD document derive partly from the fact that much of its content reflects intellectually eclectic combinations of ideas deriving from basically different paradigms; which, in turn, also reflect the influence on NEPAD's writers of recent, and current, endeavours by the World Bank to salvage its own programmes and continued role by incorporating development concepts borrowed from other programmes and paradigms. But the inconsistencies in NEPAD also reflect politically pragmatic combinations of inputs from differing national government policy frameworks and interests, diverse multi-national/regional programmes in different parts of Africa (but particularly from SADC), and the different/divergent policies of national, regional, continental and international institutions. Overall, NEPAD's lack of a clear and coherent structure is largely the result of the piecemeal expansion and adaptation of the document by its creators in order to accommodate a variety of interests and approaches, from within and from outside of Africa; while in the more detailed content it is trying simultaneously to address itself

- to a variety of international agencies, or potential 'partners',
- to the full panoply of African leaders and technocrats,
- and even, to a minor degree, to the people of Africa.

#### 4.1. NePAD's general approach to regional integration

In its section III on The New Political Will of African Leaders, NEPAD declares that "African governments are much more resolute about regional and continental goals of economic cooperation and integration" [para 45], although this has yet to be proven in practice. And in the paragraphs under Sub-Regional and Regional Approaches to Development [paras 93-98] it notes, correctly, that "the five <sup>19</sup> sub-regional economic groupings on the continent must be strengthened" [para 94], and that there must be a "rationalisation of existing regional organisations" [para 96]. The document also concludes that the strengthening of country and regional development programmes "will also go a long way in kick-starting the regeneration of the continent" [para 191]. These are certainly sound ideas. However, in between, the many references to regional integration also contain terminological inconsistencies and confusions, reflecting a superficial grasp of the significance of these concepts, as well as the influence of competing paradigms in the NEPAD plan.

Analysts operating within the AAF-SAP and AEC paradigm employ the term 'region' or 'regional integration' to refer to the longstanding and officially designated geographically-based regional groupings within Africa; with these respective regional integration processes perceived as the 'building blocks' towards an eventual continental integration. This has, for example, characterised the discourse in the Southern African Development Community, which was from the start conceived, and is described, as a 'regional' cooperation and integration project, and all the levels and forms of multilateral cross-border interactions within the SADC framework are analysed in terms of their 'intra-regional' possibilities or problematics, as the case may be. Where cross-border projects and processes within the variable geometry of the SADC regional integration processes entail only a few of the member states, these are described as 'sub-regional' projects or groupings. By extension, interactions 'above' the regional level, for example between SADC and other African regions, such as the East African Community (EAC), are described in 'inter-regional' terms.

At the same time, however, in much African discourse – in the 'neo-liberalised' latter-day UN-ECA, more recently within the OAU itself, and occasionally now even within SADC - there are tendencies to refer to the whole of Africa as 'a region', and the regional integration groupings as 'sub-regions'. These designations reflect, on the one hand, the long-standing Pan-Africanist perspectives and aspirations towards total African unity and full continental integration, and hence the (understandable) anticipatory, and exhortational political depiction of the continent as a single entity. On the other hand, this usage also reflects the more recent creeping influence of World Bank designations of the entire African continent as 'a region'. The underlying assumption, in this view, is that Africa is, or should be treated as simply one of the regions of a single global(ising) economy and world system. This terminology is even having some influence within UN agencies, whether they understand the origins and full implications or not. However, it seems that the Africanist vision has made African analysts and policy-makers very susceptible to the World Bank approach which, although utilising some of the same terminology as the former, derives from a specific model of the world system and Africa's location and reinforced insertion within it.

NEPAD, as such, frequently conflates the different terminologies – and paradigmatic approaches - in at least three combinations. It refers, for example, to "sub-regional and continental structures" [para 7] or "regional and continental goals" [para 45] or "sub-regional and regional approaches to development" [para 93]. Elsewhere NEPAD identifies the African regional groupings as sub-regions [para 94], but in a section on the "deepening of the various integration initiatives on the continent" repeatedly refers to these as regions not sub-regions [para 171]. In this respect, too, given the particular weight and influence of South Africa in the creation of NEPAD, many of the detailed proposals on regional cooperation, coordination, and harmonisation reflect the formulations - and explicitly promote some of the very projects and programmes already underway - within SADC [see for example paras 163-164]. Where other actors/agencies have exerted more influence, explicitly different terminology - and implicitly different perspectives on process and ultimate goals – are un-problematically incorporated [paras 199-200]. These inconsistencies and lack of conceptual clarity are reflected also in NEPAD's more specific project proposals, along with other tensions in their orientations, motivations and probable outcomes.

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<sup>19</sup> Which are, in fact, many more than five

## 4.2. Critical appraisal of NEPAD's regional project proposals and approach

In examining the detail of NEPAD's proposals, civil society analysts and activists who are engaged in debates and projects on regional cooperation and integration will find that many of these details seem to agree with their own aims and aspirations. The constant problem, however, is that there are invariable tensions between details located in different sections and serving the different purposes of NEPAD, and the different constituencies that it is addressing. And all these details are located within an overall framework that counters and contradicts whatever developmental and integrative potential they may promise.

**4.2.1 Infrastructural inter-linkages within Africa** – NEPAD correctly points out that the building of cross-border and transAfrican road networks, railways, and other means of transport and communication, and the consolidation of joint energy, water and other systems will all be far more effective by benefiting from “economies of scale” [para 93]. The creation of such “essential regional public goods” [para 95] and inter-linkages are, in fact, essential to “enhance regional cooperation and trade” [para 105] and crucial to integrated African development [para 196]. And these have to be “addressed on a planned basis – that is, linked to regional integrated development – [without which] the renewal process of the continent will not take off” [para 197]. **BUT**

- The problem is that such huge infrastructural projects spanning regions, and even the entire continent, are the main attractions being marketed by NEPAD to draw foreign investment into Africa. NEPAD offers these as “great opportunities for investment” [para 177] together with the guarantee of governmental supports, particularly through “public-private partnerships” [paras 106, 178], and with promises of “lowering the risks facing private investors” [para 105]. However, under PPPs it is the private sector that reaps the fullest benefits while the public side will carry the burdens and risks - as elsewhere in the world.
- In addition to having to provide essential support facilities and - on current international investment terms - to guarantee favourable or ‘flexible’ labour conditions within such ‘joint’ endeavours, Africa would also have to carry the related financial costs arising from the profit ‘repatriations’ or capital exports by such investors. The bigger the project and the foreign investment involved, the greater will be the adverse pressures on Africa’s external balance of payments, and on its external indebtedness. Foreign ‘credit’ or loans will add to these costs, even if ODA grants are also applied. And, as history has shown, net financial outflows will prevail for long periods before the creation of such infrastructures begin to have their full developmental impact and generate positive financial returns.
- Furthermore, the building of such essential ‘sinews’ for development in Africa will undoubtedly be evaluated, taken up and located by gigantic transnational technological, construction and service corporations within the framework of their own global investment strategies in these and related sectors. With vastly greater financial and technological resources, management and other skills - than the whole of Africa combined - it is such international corporations and investors that will determine not only the technical features but also the commercial orientation and overall character of such projects as profit-making enterprises; whatever may be the other – declared - intentions of African governments.
- However, NEPAD itself seems, anyway, to see a major aim of such infrastructures to be “improving productivity for international competition”, and enabling “the international community to obtain African goods and services more cheaply” [para 101]. NEPAD observes correctly that the colonial powers built infrastructure in Africa “to foster exportation of African raw material and the importation of industrial goods into Africa” [para 102]. There are now indications, for example, that vast combined African energy generation and distribution networks could result in high-tension transmission lines striding across the continent. However, these will not be primarily to deliver power to African towns and villages, industry and agriculture, but mainly to deliver cheap electricity to Europe. This will be required in order for Africa to earn the foreign exchange to pay for the foreign investment and loan-costs of setting up the system in the first place<sup>20</sup>. But while Africa and its people will carry the probable

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<sup>20</sup> This is actually already being proposed by ESCOM in the joint SAPP (Southern African Power Pool) Project that the giant SA energy parastatal leads and dominates within the SADC framework; although it is likely that ESCOM will, in turn, simply become the junior partner in the type of much bigger international PPPs that NEPAD is now proposing; and the entire SAPP project turned into a major international investment jamboree, rather than a powerful collective project mobilising African resources to serve greater Africa self-reliance and development.



environmental costs of such energy generation, it will be delivered 'cleanly' to the 'environmentally responsible' rich countries.

- In this connection, too, the NEPAD proposals for infrastructural projects in Africa will not engender great confidence in popular organisations in Africa when they note that NEPAD urges the donor governments to "ensure that the World Bank and multilateral development finance institutions participate as investors in the key economic infrastructure projects, in order to facilitate and secure private sector participation" [para 188].

Quite apart from the problems mentioned above about the demands and the effects of the private sector in Africa, popular organisations will not be very reassured about an extended, or renewed, role of the World Bank which has an abysmal financial, economic, social and environmental record in promoting such giant projects in Africa.

**4.2.2 The encouragement of capital flows within Africa** - There is certainly much to be done within and between the respective African countries and regions to eliminate procedural and bureaucratic impediments to productive capital flows, particularly to geographical regions and sectors deficient in the necessary financial resources. In its section on Sub-regional and Regional Approaches to Development [paras 93 – 98], NEPAD recommends "the promotion of intra-African trade and investments" through "the harmonisation of economic and investment policies and practices" [para 95]. More concretely, NEPAD proposes the establishment of a Financial Market Integration Task Force to "speed up financial market integration" [para 155]. It has to be seen whether such a task team will promote macro-economic alignment as the essential basis to the convergence of monetary, fiscal and financial policies, and the 'monetary union' that the AEC plan sees in the most advanced stages of African integration, or the quite rapid creation of an African central bank and other joint financial institutions that the AU seems to envisage. Or whether these will be judged premature at this stage. **BUT**

- The more pertinent immediate questions are what the aims and terms are for the 'promotion' and 'harmonisation' of capital flows in Africa, and the nature and sources of those flows. NEPAD devotes a fairly considerable section to Mobilising Resources [paras 147-155] but offers little in the direction of mobilising domestic resources within Africa. This reflects its *a priori* pre-determined conviction that "the bulk of the needed resources will have to be obtained from outside the continent" [para 147]; although elsewhere it points to "an urgent need to create conditions that promote private sector investment by both domestic and foreign investors" [para 148].

- In the section specifically devoted to Private Capital Flows [paras 153-155], NEPAD defines the priorities as: offering the necessary incentives to international investors, especially with respect to their concerns over "security of property rights", the need to provide them with governmental insurance schemes [para 188], and other guarantees that go with PPPs. But all of these are located in the context of "the deepening of financial markets within countries, as well as cross-border harmonisation and integration" [para 154]. Thus, such measures will not only draw foreign investors into Africa but will facilitate the movement of capital around Africa, with Africa turned into a vast integrated field for international investors.

- However, it must also be noted that such financial 'harmonisation' or liberalisation will also be advantageous to South African companies and investors and, through the repatriation of their profits back to SA, will contribute to the further domination of the South African economy within Africa. Financial liberalisation within and between African countries could, conversely, also encourage the flow or 'flight' of domestic capital in other African countries to the (relatively) greater security and profitability of South African financial markets.

In the light of such polarising tendencies reinforcing existing imbalances within Africa, it is also significant to note that NEPAD attaches no importance to the active and proactive role of the kind of regional and continental development funds and other public financial instruments that both AAF-SAP and the AEC propose. These could provide the compensatory and redistributive mechanisms to re-direct or at influence the nature of capital flows towards disadvantaged geographical areas or strategically important sectors; a vital requirement for more balanced development, equity and stability in Africa.

In similar vein, NEPAD makes no recommendations on the role of public investment strategies and agencies, in and of themselves, as central players in driving and directing major projects and targeting key areas or sectors needing development. NEPAD only sees such a role for the state in supporting and empowering private investors, whether in PPPs or not. Thus, although at various points apparently promoting the 'role of government', NEPAD's conception of this is in the kind of regulatory 'enabling role' to private capital or 'market forces' that the World

Bank also now recommends as it gradually moved to recognise 'the role of the state' in development in Africa (as described in 2.5 above) .

**4.2.3 Common and coordinated regulatory frameworks** - NEPAD recommends that agreed public regulatory terms will be important to facilitate cross-border cooperation and "coordination of national sector policies and effective monitoring of regional decisions" [para 95]; and "the promotion of policy and regulatory harmonisation [is necessary] to facilitate cross-border interaction and market enlargement" [para 106]. NEPAD makes interesting suggestions on the ways in which such regulatory harmonisation and practical coordination of cross-border movements can be particularly beneficial in promoting joint tourist ventures involving a number of countries or sub-regions within a broader region [para 164] – ideas derived directly from SADC projects and experiences. Thus regulations would deal not only with manufacturing processes and standards and trade regulations, such as agreed rules of origin, and "the harmonisation of economic and investment policies and practices" [para 95]. But such regulatory oversight by designated national and regional public regulatory bodies are necessary in all technical spheres, from maritime, rail and road traffic, and telecommunications regulations, to environmental controls; and in all social service spheres, such as labour conditions and safety regulations, education and health standards, especially the monitoring of human disease and animal pest controls and so on. NEPAD clearly recognises the importance of harmonised and coordinated regulatory frameworks for intra-regional and inter-regional cooperation and integration.

**BUT**

- What is most significant is the actual content of such regulations, not only in technical but in comprehensive developmental terms. Will such regulations also be designed to monitor the business operations and general economic, social and environmental impacts of corporations and other private agencies; in order to make them more financially transparent, socially and environmentally responsible and democratically accountable? This is what civil society campaigners demand when they call for obligatory corporate codes of conduct through public (re)regulation, nationally, regionally, and globally.
- There could also be potential tensions between concerns about designing and promoting a wide range of joint national, regional, and continental regulations, appropriate to the situations within Africa and the needs for planned African developmental integration, on the one hand; and, on the other hand, the observance of existing international regulations basically in order to achieve 'more effective external trade'. In terms of the latter, NEPAD seems to be concerned to "improve the standards of exports" [para 158], by "conforming to international standards" [para 161], such as Sanitary and Phyto-Sanitary Standards (SPSS), and by generally measuring up to the rules and regulations set in the WTO; even though these include, for example, terms in the Agreement on Trade Related Investment Measures (TRIMs) specifically constraining the setting of internationally 'distorting' developmental regulations on FDI (see section 4.2.8 below ).

**4.2.4 Complementary and/or combined cross-border production** – NEPAD observes correctly the long - recognised dilemma of most African economies that they are "vulnerable because of their dependence on primary production and resource-based sectors, and their narrow export bases [and that] there is an urgent need to diversify production" [para 156]. In this regard, it notes the importance of African countries "pooling" or combining their resources within regional production strategies [para 94], "cross-border interactions among African firms" [para 168 –vii] and cross-border "inter-sectoral linkages" [para 156] - an idea adopted directly from SADC plans for agro-industrial development and diversification. In this context, NEPAD proposes "the alignment of domestic and regional trade and industrial policy objectives, thereby increasing the potential for intra-regional trade, critical to the sustainability of regional economic arrangements" [paras 171-172]. **BUT**

- It is also significant that, where NEPAD does elaborate on the modalities for economic diversification, this is based on "harnessing Africa's natural resource base" and increasing "value-added in agro-processing and mineral beneficiation [although also] a broader capital goods sector" [para 156]. These certainly all have a role to play in internal production dynamics within all economies, but these sectors tend to be based on larger-scale, capital-intensive and even high-tech enterprises. In fact NEPAD's vision is to emulate the economic and technological patterns of the most industrialised by "bridging the gap between Africa and the developed countries" [para 98]. There is, however, little feasibility for Africa as a whole to replicate the historical methods of industrialisation in the now-advanced economies. This is highly questionable in terms of the political possibilities of this, and the

economic and environmental advisability for the continent, or sustainability for the planetary system. But this ambition reflects the aims and aspirations of semi-industrialised South Africa to 'catch up' with the industrialised countries, rather than the realities of most of the continent (see 4.2.5 below).

- NEPAD also slips in a very specific strategy promoted by the South African Minister of Trade and Industry which calls for the industrialised countries to accept a so-called global "structural adjustment" [para 170]. This would purportedly entail them giving up supporting their ailing 'grandfather' industries, such as iron and steel and textiles; leaving the countries of the South to develop such heavy industries, or labour intensive production in which they could have "competitive advantage". Thus, the more advanced countries are being encouraged by South Africa to move up to the high-tech, higher value-added and cleaner industries and service sectors, 'allowing' the less developed countries of the South take over the low-value added, difficult, dangerous and dirty industries. The first delusion in this clever global strategy is that the rich and powerful countries will allow themselves to become totally dependent in any sector on foreign producers, or easily 'give up' any large employment sector within their economies. The second highly questionable aspect of this South African DTI proposal is that it is actively promoting the transfer of the dirty, dangerous and polluting industries of the North to the South, and imposing further environmental costs on Africa.
- Apart from the above global 'scheme', NEPAD's proposals in the sphere of industrial development within Africa do not explicitly prioritise labour intensive projects, and will not, in practice, necessarily encourage employment creation. It does not stress economic development and diversification deliberately based on human resource mobilisation and capacitation - which both AAF-SAP and the AEC prioritise. In so far as NEPAD does deal with the human factor in development, it is to focus on "Promoting the Private Sector" [para 166]. Although there are some useful pointers to "both micro enterprises in the informal sector, and small and medium enterprises in the manufacturing sector [as] the principal engines of growth and development" [para 156], it is not so much these but larger internationally connected enterprises that will be the main beneficiaries of the partnerships proposed between African and non-African firms [para 162].
- Where NEPAD deals with broader human resource development, this is mainly based on the "poverty-reduction" policies of the IMF and World Bank for the masses [paras 118-119], and mainly concerned with "reversing the brain drain" of skilled professionals from Africa [paras 124-125]. Although it deals also with expanding education and skills training, NEPAD's approach, seems to be based not on the inherent human rights of the people of Africa in these spheres, but rather on the view of the WB that people are 'factors of production' and more skilled people will attract and service more productive foreign direct investment.

#### **4.2.5 Agricultural development, and food security within Africa** - NEPAD correctly states that

"(i) improvement in agricultural performance is a prerequisite of economic development on the continent. The resulting increase in rural people's purchasing power will also lead to higher effective demand for African industrial goods. The induced dynamics would constitute a significant source of economic growth" [para 134]. It notes the "structural constraints" affecting the sector, such as uncertainties in climactic conditions, and refers to the necessity of infrastructural and institutional supports, and even direct governmental support, such as in the provision of irrigation "when private agents are unwilling to do so" [para 135]. It also provides some pointers to the crucial issues of access to land, water and rural credit, although it does not spell them out in detail. BUT

- For a continent in which more than half, and often up to 70%, of the populations are based in the rural areas, the five paragraphs focused on agriculture are even thinner than those dealing with manufacturing. This probably reflects the industrial and urban bias of South Africa and its role in the formulation of this document; although at one point the document does call for the reduction in "the heavy urban bias in Africa by transferring resources from urban to rural activities" [para 158]. However, such resource transfers do not apparently include government subsidies to producers in R&D, seeds and fertilisers, transport and marketing and extension services; in contrast to the more successful rural development programmes in Africa and the detailed proposals in AAF-SAP.
- Although making some references to small scale and women farmers [para 157], the weight and significance of these have to be evaluated also in the context of an emphasis on larger scale "intensive agriculture based on a significant flow of private investment" [para 135], with a call for donor aid to go to "individual high profile agricultural projects" [para 158]. This also suggests the influence on the South African government of the large-scale commercial agricultural sector in South Africa ..... and therefore on NEPAD's perspectives.

- In the section on Market Access, NEPAD makes it clear that its aim is to “integrate the rural poor into the market economy and provide them with better access to export markets”, in terms of the broader aim “to develop Africa into a net exporter of agricultural products” [para 157]. Not only is there totally inadequate detail on how this is to be achieved, but NEPAD’s writers seem impervious to the well-known fact that there are clear tensions between such cash crop export orientation, on the one hand, and on the other hand, the production of food crops for family, community, national and regional food security; which NEPAD seems to be concerned with [para 158].
- Similarly, NEPAD’s brief reference to “the instability in world commodity prices” [para 132] does not seem to recognise the increased vulnerability of African economies to external price shocks that will accompany the increased dependence on agricultural exports; nor the downward pressures that have been exerted upon commodity prices by ever-increasing agricultural exports from the poor South into the rich North. NEPAD seems in tune with World Bank instructions to African countries to increase and diversify their agricultural production but oriented towards the needs and tastes of international consumer markets in the rich countries.
- More broadly, NEPAD is not only weaker than many existing governmental and non-governmental plans and programmes for agricultural and general rural development in Africa, but it does not even acknowledge, endorse and try to benefit from the important proposals and demands being jointly posed by the Africa Group in their endeavours within the WTO negotiations on the Agreement on Agriculture. This also reflects the more general inconsistencies and weaknesses of NEPAD’s recommendations on how Africa should engage with/in the WTO (see 4.2.8 below).
- NEPAD even lags well behind the widely accepted arguments by European NGOs, and major institutions such as the World Bank, which deplore and call for an end to the dumping of EU, US and other industrialised economies’ subsidised agricultural exports in Africa. The impacts of such dumping are as damaging as other internal ‘structural constraints’ within Africa. Plus the forced removal of agricultural protections in Africa against such unsustainable competition will actually pre-empt the internal problems being effectively dealt with. NEPAD’s silence on such Northern government agricultural policies is another indication of the diplomatic constraints required in dealing with the policies of governments that NEPAD’s promoters would like to become aid ‘partners’ with Africa (see also 4.2.7 below).

**4.2.6 The promotion of trade within, and between, African regions** - NEPAD supports “the promotion of intra-African trade and investments” [para 95] and the need to “promote and improve regional trade agreements” [para 168], and even refers to “the creation of a single African trading platform” [para 155]. It seems to understand the developmental potential in promoting intra-African trade “with the aim of sourcing within Africa, imports formerly sourced from other parts of the world” [para 169], and the potential for creating backward and forward linkages within and between African economies (although it does not use these terms) through “increased intra-regional trade via promoting cross-border interactions among African firms” [para 168]. It even suggests at one point, although rather tentatively, “that consideration needs to be given to a discretionary preferential trade system for intra-African trade” [para 171] which, if acted upon, could provide some tariff policy supports to inter-African trade, and towards more internally oriented exchanges.

**BUT**

- There is a major challenge posed to such potential internal African trade and mutual development by two other dimensions of NEPAD’s strategy. The first is that, while apparently aiming to create larger and more integrated markets within Africa to stimulate African producers and provide a larger and guaranteed market for African exporters, NEPAD also explicitly offers up Africa “as a vast and growing market for producers across the world” [para 176]. This would have to be based on generous access into African markets as a *quid pro quo* or reward for the increased foreign aid that NEPAD is seeking from the home governments of such companies and international exporters. But such an “expanding market for world manufactured products, intermediate goods and services” [para 176] would create further unsupportable competitive pressures on African producers and providers of such goods and services. The tensions are once again evident within NEPAD between intra-African developmental proposals, on the one hand, and, on the other hand, susceptibility to the requirements of international ‘partnerships’.
- But there are also other tensions within this plan, reflecting tensions and differences on the ground in Africa. As with financial market liberalisation which will create more favourable conditions in Africa for South African –

and not only international – investment interests (see 4.2.2 above), the “inter-regional trade liberalisation” proposed in NEPAD [para 169.5] will, without other deliberate countervailing programmes and corrective measures, also work mainly to the benefit of the stronger economies in Africa - Egypt, Kenya, Mauritius and, above all, South Africa. This happens with ‘free trade’ everywhere, and the effects of even the free-trade imposed under SAPs is already evident in the rapidly growing trade imbalances in favour of South Africa and all its neighbours in SADC and further afield in Africa.

- It has also not been lost on African observers of South Africa’s energetic promotion of NEPAD that even the ‘preferential’ trade terms suggested for African exporters within Africa could, in fact, serve to make Africa a privileged reserve for the few stronger African economies (and their companies that are not internationally ‘competitive’). If that is what Africa is to be turned into, it would confirm the claims of neo-liberal theorists that such preferential policies are exploited by the strong to the disadvantage of the less strong<sup>21</sup>. In this light, too, the proposed ‘sourcing’ of imports and intermediate inputs ‘from within Africa’ [para 158] and “the higher effective demand for African industrial goods” [para 161] would also be most advantageous to the production and export sectors of more industrialised South Africa.

**4.2.7 ‘Market access’ for the increase of international trade from Africa** – NEPAD stresses the “importance of increased investment in order to strengthen Africa’s external trade [para 166]. In this regard, too, it identifies “market access to the developed countries for African exports” as one of its top priorities [para 97], and concludes also that this is one of “the programmes to be fast-tracked in collaboration with our development partners” [para 189]. With respect to the trade policies of these ‘partners’, NEPAD notes that “(a)lthough there have been significant improvements in terms of lowered tariffs in recent years, there remain significant exceptions on tariffs, while non-tariff barriers also constitute major impediments. Progress on this issue would greatly enhance economic growth and diversification of African production and exports. Dependence on ODA would decline and infrastructure projects would become more viable as a result of increased economic activity” [para 173]. NEPAD would thus seem to be making important proposals to ensure that Africa’s development is supported by the expansion of its external trade. BUT

- Adoption of ‘improved market access’ has become the new glib ‘answer’ to Africa’s development problems. After many years of argument on this by African governments in their joint official positions, this has more recently been picked up and promoted by Northern development NGOs and even the ‘new’ World Bank. From all these directions, however, this is a thoroughly inadequate response. In the apparent acceptance and most practical expression of this by various European governments and by the EU, ‘market access’ is not what it seems to be in EU propaganda. Even the generous ‘tariff-free and quota free’ access to the EU for ‘all’ the exports (except arms) of all LDCs - the much publicised Everything But Arms (EBA) agreement, which NEPAD welcomes - is actually hedged around with exceptions and postponements. And ‘safeguards’ will continue to protect European producers against the threat of ‘import surges’ from the weakest and poorest countries in the world, whose export trade is supposedly being encouraged by the EU.

- What is more, even such qualified access is not on offer to the ‘non-LDC’ or so-called ‘developing countries’ in Africa. Yet, even were they included, and even under the most optimum of ‘market access’, this is not the simple ‘solution’ to Africa’s problems that it is presumed to be, even apparently by NEPAD. Although trade barriers are discriminatory and are a complication, the more basic problem for most African countries reside in their ‘supply capacities’, their low levels of production, volumes, quality and price ‘competitiveness’, infrastructures, trade financing and commercial information etc. NEPAD seems to recognise this [para 171]. Market access may be necessary but it is certainly not sufficient. In other words, the problems of African countries are about development more than trade. The former drives the latter and, although trade in specific sectors can be useful under certain circumstances, it does not, in and of itself, create development; nor even necessarily create ‘growth’.

- In so far as NEPAD sees other impediments to effective African export trade, its solutions [para 168-169] focus on technical and ‘marketing’ deficiencies, and at one point it even seems to blame Africans’ trade limitations on their own ‘low standards’. However, what NEPAD does not enlarge on, are the high tariff peaks in the richest countries, and their deliberate tariff escalations that are increased in proportion to the degree of processing or

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<sup>21</sup> Although neo-liberal theorists do not point out that ‘free trade’ is even more disadvantageous for the strong over the weak.

manufacture of African exports. These protectionist barriers are constantly criticised by African trade analysts and representatives in international meetings, such as the WTO, but NEPAD does not even endorse let alone build on such public African positions. The inadequate observations by NEPAD on the long-standing role of such policies in deliberately impeding industrial development and diversification within Africa either reflects a seeming lack of appreciation of this by the creators of NEPAD, or - yet again - a diplomatic reluctance to confront the Northern 'partners' with the fuller realities of their role in constraining development and diversification in Africa.

- Although NEPAD appears to support trade diversification, it tends to focus Africa's external trade on those traditional areas of export in which it has, according to the World Bank and to NEPAD, itself, "comparative advantage" [paras 162, 171, 173]. NEPAD promotes more trade in African food and agricultural products, although also in processed form [para 158]. It also reinforces Africa's attention on its traditional 'trading partners', that is the countries of Europe. Although NEPAD at one point recommends negotiations to "facilitate market access for African products to world markets" [para 169], and it even makes a token reference to encouraging South-South partnerships [para 185], the main focus and orientation of its recommendations to African Heads of State is that they do all they can to "secure and stabilise" what it calls "preferential treatment by key developed country partners" [para 172].

- Such tariff 'preferences', together with financial and technical aid from Europe to their ACP (African Caribbean and Pacific) 'partners', under the auspices of the Lome Convention, have reflected and reinforced the orientation and long dependence of these countries on Europe. Yet NEPAD calls on African leaders to defend and extend such relations of dependency - not only through the Cotonou Agreement that is now replacing Lome, but also under Washington's African Growth and Opportunities Act (AGOA). Although NEPAD makes a passing mention to the fact that there may be "deficiencies in their design and application" [para 172], it has not even begun to take on board the more developed positions of the ACP in their negotiations with the EU, let alone the even more advanced positions of ACP civil society organisations, particularly in challenging the 'reciprocal trade liberalisation' that the EU is demanding. Nor does NEPAD's position even begin to question the outrageous invasions of African policy autonomy by Washington in return for the very limited 'special' access to the US market that it offers under AGOA.

- NEPAD apparently fails to understand the ways in which these agreements reflect the real aims and self-interests of the most powerful industrialised countries. These agreements cannot be viewed and treated as mere diplomatic relations. The extremely weak engagement and the weak positions of NEPAD on such centrally significant economic agreements between Africa and its major investment, trade and aid 'partners' holds out little hope for the continent. This may, in fact, already reflect the realities of how African governments, within the framework of NEPAD, will deal with the "new partnerships" with these Northern governments. Similar cautious accommodations are to be expected, and are already indicated in how NEPAD advises that Africa engage with the same 'partners' in the context of the multilateral trade system and the World Trade Organisation.

**4.2.8 Engaging with the multilateral trade system and the WTO** – In touching on the multilateral trade system at various points, the NEPAD document makes references to the "absence of fair and just rules" [para 33] and the "unfavourable terms of trade" facing Africa [para 34], and even mentions the "biases in economic policy and instability in world commodity prices" that affect Africa negatively [para 132]. It calls for "active participation" by Africa leaders [para 169] to ensure "(o)pen, predictable" market access for Africa's exports [para 170], the usual code words referring to the multilateral system of trade under WTO rules. In section VI on "A New Global Partnership" NEPAD declares that "African leaders envisage the following responsibilities and obligations of the developed countries and multilateral institutions"; including, *inter alia*, their 'obligation' to "negotiate more equitable terms of trade for African countries within the multilateral framework" [para 188]. NEPAD is, therefore, encouraging an active engagement by African governments within the multilateral system of rules and regulations being created by and implemented under the WTO.

**BUT**

- In the half dozen brief sentences/clauses focused specifically on the multilateral system and the WTO, NEPAD exhibits a totally inadequate grasp of the nature, complex functioning and effects of this system. Despite some earlier passing observations on the inequities of the global system (see 5 below), NEPAD welcomes "the new trading opportunities that emerge from the evolving multilateral trading system" [para 169]. This new system is 'evolving' and has been given an enormous boost through the Uruguay Round Agreements (URAs) out of the

GATT round of negotiations, finalised in April 1994. But, already in the penultimate stages of that round, the United Nations Conference on Trade and Development (UNCTAD) calculated and warned that, despite the predicted vast expansion of global trade, Africa would actually lose out to the tune of some US\$ 2.5 billion to US\$3 billion in the years immediately following. This has since been born out in practice, and even accepted, in general terms, in studies by other 'reputable' mainstream institutions such as the World Bank and the OECD.

- In the years following the signing of the dozens of URAs, and the establishment of the WTO in 1995, it soon became clear to governments throughout the 'developing' world - as they tried to implement these agreements, and as the detailed terms of the URAs were subject to meticulous examination by both governmental and independent trade lawyers and development analysts - that there were gross imbalances, deficiencies and inconsistencies within and between the respective agreements<sup>22</sup>. These not only militated against the interests and needs of the developing countries but reflected the pervasive bias towards the interests of the most developed<sup>23</sup>. NEPAD, however, simply refers to the need for the rules and regulations of the WTO to be implemented [para 169] and makes no mention of the more than one hundred specific 'implementation issues' relating to problems within virtually all the URAs. The governments of the developing countries, individually and collectively, have been trying over the past five years to make these issues the priority matters on the agenda of the WTO for "review, revision and reform"; only to be intransigently blocked by the more powerful players in the WTO, particularly the notorious Quad of the EU, the US, Canada and Japan

- Even in so far as it mentions problems of 'implementation', NEPAD does not in any way bring out the fact that these are not only about the difficulties of the weaker developing countries, especially in Africa, in 'implementing' the legal and institutional requirements of the WTO. It is such 'failures' that the powerful governments and the WTO Secretariat constantly criticise. At the same time, again like the latter, NEPAD ignores the fact that it is the most powerful industrialised country governments, themselves, that have skillfully evaded implementing those URA terms that they consider to be inimical to their interests. These countries - the proposed 'partners in Africa's development - have also postponed the fulfillment of their undertakings to provide financial and technical assistance to the LDCs and other countries that would (or that the QUAD insisted "might") be adversely affected by the new global regime. Such compensatory measures were promised by the powerful governments at the last moment before the signing of the Treaty of Marrakesh that concluded the UR. These were part of the *quid pro quo* terms of the 'deal' to secure the acceptance of the whole UR package - about which many developing country governments had strong reservations, even at that stage. Such evasive strategies and tactics by the rich and powerful governments reinforce serious doubts about their preparedness for an honest and supportive 'partnership' with Africa. But, NEPAD's failure to point to the tendentious manoeuvres and blatant failures of the governments of the richest countries in the WTO points, once again, to the political constraints placed on the promoters of 'partnership' with such governments.

- Alternatively, or additionally, it can be concluded that the technical formulators and political promoters of NEPAD are unaware of such outrageous abuses. But, if they are so unaware, then it has to be said that they are ill-equipped to formulate a historic strategy for the whole of Africa. For example, NEPAD blandly suggests that the expansion of the WTO "must recognise and provide for the African continent's special concerns, needs and interests in future WTO rules" [para 169]. It repeatedly calls on African Heads of State to ensure this [para 169], and urges them to persuade the developed countries to "negotiate more equitable terms of trade for African countries within the WTO multilateral framework" [para 188]. But the writers of NEPAD patently fail, on the one hand, to understand the real nature of the WTO as an extremely tough negotiations arena where ruthless hard bargaining is driven by powerful corporate and national vested interests, not the polite diplomatic positioning or posturing of Heads of State. The WTO is not an open forum or assembly of nations where world leaders gather to debate and 'influence' each other's positions.

- On the other hand, in addressing itself to African Heads of State in this connection, NEPAD also fails to acknowledge that it is precisely the political leaders of African countries, far removed from the realities and extreme complexities of the WTO negotiations in Geneva, that frequently undermine African efforts in the WTO. This is because many top political leaders in Africa are far more susceptible to the pressures and 'persuasions' of

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<sup>22</sup> B.L.Das, former negotiator for India in GATT, "The WTO Agreements - Deficiencies, Imbalances and Required Changes" in *Trade and Development Issues Series* of the Third World Network, Penang, Malaysia, 1998

<sup>23</sup> This is even recognised today in some quite mainstream newspapers, such as the Financial Times in London, 10-11/11/2001, and even the conservative Business Day in Johannesburg, Editorial of 7/11/2001.

their Northern aid and trade 'partners', who are known to contact them directly and 'confidentially' outside of the negotiations processes and behind the backs of the African negotiators on the front line, in order to counter and undermine African negotiating positions and negotiators. Even many African trade, industry, agricultural, environmental and other ministers are often less in touch than their own WTO negotiators are with the full complexities of the negotiating issues and arguments, and the delicate tactical and strategic alliances being created in Geneva.

- Such disjunctures and divisions within and between African governments, between the negotiating teams in Geneva and their home ministries, and between detailed technical, legal and economic arguments on the one hand, and broad political/diplomatic positions, on the other hand, are also clearly evident in NEPAD's approach to the WTO. It refers to "strategic areas of intervention" in the abstract [para 171] but does not, for example, acknowledge the concrete Africa Group positions in Geneva, such as their comprehensive and ground-breaking proposals on the review and revisions of the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs)<sup>24</sup>, or on the Agreement on Agriculture. This latter has direct implications for NEPAD's agricultural development projects, but it may be that it is ignored in this document because South Africa identifies with the Cairns Group of big agricultural exporting countries, led by Australia, New Zealand, Canada, Chile and other larger, more developed countries in the WTO. Nor (not surprisingly) does NEPAD acknowledge the even more advanced positions of many Third World peasant organisations and small farmer organisations (including even in the industrialised countries), and development NGOs, South and North, arguing that small-scale agriculture, and production for food security be placed outside of the disciplines and demands of the WTO.

- But NEPAD's failure to endorse, or even acknowledge, the specific collective Africa positions in the WTO, may also reflect the general suspicion of the South African government<sup>25</sup> towards the Africa Group in Geneva, and even its distance, and independent interventions apart from the officially endorsed positions of the whole of Africa. The major difference between South Africa and the jointly agreed African position – both for the 4<sup>th</sup> WTO Ministerial in Seattle, in December 1999, and the 5<sup>th</sup> Ministerial in Doha, in November 2001 – is that the latter expressly opposed the introduction of a range of 'new issues' for negotiation in the WTO, whereas South Africa's official position was to accept most of these as legitimate and necessary bargaining issues<sup>26</sup>. In this way, the issue of Industrial Tariff Liberalisation in the WTO, that the joint African position opposes, is nonetheless subtly alluded to in NEPAD as the need for "further liberalisation in manufacturing" [para 171]. It would seem that South Africa has also tried to use the NEPAD programme to gain endorsement - in what is a key African document - for the introduction of a multilateral investment agreement into the WTO. This is carefully coded as "transparency and predictability as a precondition for increased investment" [para 170], and offered as a trade-off with the governments of the industrialised countries "in return for boosting supply side capacity and enhancing the gains from existing market access". It has to be seen how the Africa Group in Geneva and African governments in general will respond to this NEPAD ploy. It is, furthermore, not lost on other African countries that South Africa - with its banks, private companies and even parastatal corporations keenly looking for investment possibilities in Africa and elsewhere - has its own 'national interests' in promoting the kind of 'global rights' of corporations in all countries and (almost all) sectors that an investment agreement in the WTO is aimed at.

- In response to African complaints about the pressures of the day-to-day functioning of the WTO, and especially the extreme difficulties that a complex new round of negotiations would confront them with, NEPAD proposes "technical assistance and support to enhance the institutional capacities of African states to use the WTO and to engage in multilateral trade negotiations" [para 170]. Such offers are a standard Quad and WTO Secretariat inducement and misleading reassurance to African governments in order to get them to accept proposals contrary to their own judgment. After the recent Doha Ministerial, South Africa proudly reported that it had obtained "a strong commitment" by the powerful countries to provide such technical assistance; an

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<sup>24</sup> Although this ground-breaking position paper has gained civil society support throughout the world and even widespread endorsement by other developing country governments within WTO processes.

<sup>25</sup> Or, rather, the Department of Trade and Industry (DTI) that largely drives South Africa's strategy in the WTO, and actively opposes the 'lobbying' influence on African trade negotiators in Geneva, and in research and training programmes in Africa, by African and international NGOs; see D. Keet "The Official Position of South Africa in Promoting the WTO", AIDC, Cape Town, May 2002

<sup>26</sup> *ibid* page 34



expectation flying in the face of their long-standing failures to fulfill such promises. It also ignores the fact that many countries had and have objections to the nature and implications of the new issues, and the dangers of the proposed expansion of the remit of the WTO. Their problem is not merely one of 'lack of capacity' to understand or negotiate the issues. But the further problem with such 'technical' assistance is that it is never neutral and the content of their instructions and advice will reflect the opinions and orientations of the pro-WTO institutions and agencies providing the 'capacity building'.

- Alongside the failure of NEPAD to take up and support specific established African positions in a document on the WTO, there is another very important omission in the NEPAD plan that is particularly significant in a document that claims to be providing the guidelines and basis for regional integration and development within and between the countries of Africa. NEPAD is totally silent on the terms and constraints imposed on 'regional trade arrangements' (RTAs), as they are defined by the WTO, in order that they do not 'raise barriers that discriminate against third parties' in the world economy. And countries in regional economic communities, such as those in Africa, are also advised to lower their individual and collective tariff provisions, and remove other external 'barriers', in order to 'integrate into the global' 'for their own good'. What this means in practice is that the kind of preferential trade terms and common external tariffs that such groupings of countries might wish to use for their mutual benefit, and to reduce heavy pressures from external 'third parties', are severely limited by the WTO's Article 24. Even the African Ministers of Trade call for this contentious article to be reviewed and revised in terms of the 'special and differential terms' (SDTs) that the WTO supposedly allows for the special needs of LDCs and other developing countries. The aim of improving and using such potential WTO 'rights' to legally secure the REC's as effective 'spaces' for internal and intra-African development (see 2.1 and 3.3.6 above) are hardly radical positions. Yet NEPAD's perspective on Africa's engagement with the global economy does not even extend to this.

- Although NEPAD ignores the details of Africa's officially agreed positions on the WTO, the writers of the NEPAD programme have had to take care not to be seen to be explicitly supporting the launch of a new multi-sectoral round of WTO negotiations. Thus NEPAD carefully suggests that "if " a new round of multilateral trade negotiations is started [para 169], African countries must be prepared. But it also states, without qualification, that African governments must, and do, give "broad-based support" to the WTO [para 171]; whereas many African government ministers and even more government officials, and most African civil society organisations engaged on issues around the WTO, are very dissatisfied with the both the substance and the *modus operandii* or functioning of the WTO. NEPAD, however, encourages African governments to see the WTO as a level "forum in which developing countries can collectively put up their demands.." [para 170], and does not point to the extreme difficulties the governments of Africa and the rest of the developing world face in engaging with the powerful governments in formal and informal WTO negotiations. This is due not only to the imbalances of power between the different players but to the un-transparent, inaccessible, exclusionary and thoroughly undemocratic nature of this organisation. Yet, although NEPAD, makes, at least, one small mention of the need for reform in the multilateral finance institutions [para 188.12], there is no equivalent reference to the equally urgent need for reform of the WTO; or, indeed, the closure of all these undemocratic 'multilateral' institutions which together have assumed the role of a new system of *de facto* global government.

## **5. NEPAD AND THE INTEGRATION OF AFRICA INTO THE GLOBAL ECONOMY**

In all the above positions, NEPAD is thoroughly lacking in its apparent grasp of the nature of the WTO as a new global executive body, as the central component of an emerging but undeclared system of global government, and as the central institutional instrument for the restructuring and (re)regulation of an emerging globalised economy. NEPAD is similarly lacking in its understanding and characterisation of the processes of 'globalisation', and this is reflected in its proposals on how Africa should relate to these processes.

In its introductory contextualising section dealing with the globalising world economy [paras 1-41] NEPAD does make some critical comments on the "increased costs" caused by globalisation on "Africa's ability to compete" [para 28], and observes correctly that the costs of global processes "have been born disproportionately by Africa" [para 30]. It even notes that "in the absence of fair and just rules" globalisation has "increased the ability of the

strong to the detriment of the weak" [para 33], and that "increasing polarisation of wealth and poverty is one of the number of processes that have accompanied globalisation" [para 35]. These remarks are testimony to the extent to which even the writers of NEPAD have been affected by the exposure by UN agencies, above all the UNDP and UNCTAD, of the uneven, polarising and destabilising impact of globalisation. These and other revelations about the 'negative as well as the positive effects of globalisation' have even entered into mainstream discourse. This also reflects, and may be an attempt to outflank, the wide-ranging and increasingly influential criticisms from the international peoples movements leveled against the anti-democratic, divisive and damaging effects of neo-liberal governmental and corporate-driven globalisation on people and communities throughout the world, and the world.

However, the greater influence of other agencies, such as the World Bank, on the NEPAD writers' fundamental approach to globalisation are expressed in the more pervasive views in the NEPAD document endorsing globalisation on the grounds of "the unparalleled opportunities that globalisation has offered to some previously poor countries" [para 40], and that "pursuit of greater openness of the global economy has created opportunities for lifting millions of people out of poverty" [para 32]. The significant centrality of such views in NEPAD are evident from its opening statement deploring the "malaise of under-development" in Africa caused by its "exclusion" from the globalising world [para 1]. The supposition that the "marginalisation" of Africa from the processes of globalisation has been the cause of its underdevelopment [para 2], and that "Africa's potential has been untapped because of its limited integration into the global economy" [para 16] runs throughout this document [paras 26, 33, 50, 52, 55 et passim]. Thus, in NEPAD's view, what Africa needs is to end its 'marginalisation' and "rapidly integrate" into the global economy [para 35]. NEPAD argues not only that globalisation is the *de facto* "context" but that it "provides the means for Africa's rejuvenation" [para 28].

## **5.1. Misconceptions, misunderstandings and misdirections in NEPAD's approach**

There are a number of profound misconceptions in NEPAD's approach to globalisation and Africa's location within it, and thus mis-directions on what should be done:

**5.1.1** The so-called '**marginalisation' of Africa** is the first misconception in NEPAD, and is actually an inversion of the realities of Africa's location in the international capitalist economy. NEPAD accepts the views of neo-liberal agencies, such as the World Bank, that Africa's internal problems and 'inhospitable policy environment' cause it to be 'marginalised' from the beneficial effects of international flows of investment and trade. On the face of it, Africa does have a minuscule share of about 1% of international trade and receives an equally minute percentage of the flows of international capital. Whether 'more' would necessarily be 'better', as NEPAD unquestioningly accepts, is a highly debatable matter. But the most fundamental problem for Africa is not its exclusion but rather the longstanding, subordinate and exploited nature of its inclusion in a profoundly asymmetrical international economy, from enforced integration through colonisation down to the present day. As Samir Amin, the pre-eminent Africa economist, observes "The concept of marginalisation is a false one which hides the real questions, which are not 'to which degree the various regions are integrated' but rather the ways in which they are integrated"<sup>27</sup>.

**5.1.2** The consequent necessity, according to NEPAD, for "**rapid integration' of Africa** [para 52] into the global economy completely misses the significance of the existing forms and extent of the integration of Africa into the global economy. African countries are deeply dependent upon and locked into the workings of the global economy. Their economies are characterised by contrived and excessive extroversion (turning outwards) to international markets, with extremely limited internal backward and forward trade and production linkages within, let alone between African economies. The more commercialised sectors of African production are heavily externally oriented; and, at an average of 43% of GDP (and more than 50% in LDCs), trade carries a much great

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<sup>27</sup> S. Amin, Director of the Third World Forum, Dakar, "Africa: living on the fringe", *New Agenda South African Journal of Social and Economic Policy*, # 7, p 20; Cape Town, Third Quarter 2002

weight in African economies than in the supposedly highly globally-integrated industrialised economies (where external trade has an average weight of only 20% of their GDPs). Clearly, it is not external trade *per se* but the role of trade within multi-layered, multi-dimensional, internally integrated and largely self-sustaining economies that should be the prime concern. The basic character of most African countries is that they are mainly simple 'trading economies'; whereas they need to be transformed into rounded, internally integrated and more soundly-based 'production' economies. This concern is reflected to a considerable extent in the AAF-SAP and AEC approach, in contrast with NEPAD's overriding concern with the expansion of 'efficient' production to feed into 'competitive' external trade.

**5.1.3** In NEPAD's view **liberalisation and openness** [para 32] are the main instruments for the expansion of trade within Africa and between Africa and the rest of the world, and such 'openness' is the measure and means of Africa's 'integration' into the global economy. This misses the fact that it is the extensive liberalisation of the external trade and investment policies of most countries in Africa, imposed under structural adjustment programmes, that have been major factors in de-industrialisation, economic decline and social crises in Africa. It is the enforced 'opening up' of African economies that has made them even more vulnerable to damaging external pressures and reinforced foreign controls and increased influences within their economies. Even NEPAD shows some seeming awareness of this, although expressed in a confused formulation that "greater integration has led to the further marginalisation of those unable to compete" [para 33]. If by 'marginalisation' NEPAD here means the weakening and decline of African economies, and that this has made it more difficult for Africa to 'compete', both observations are correct. But this also points, indirectly, to the fact that neo-liberal injunctions about 'integration into' are actually and very dangerously about 'opening up to' the global economy, meaning the highly competitive trading forces and self-serving investment interests emanating from the rest of the world.

**5.1.4** In so far as NEPAD notes the **polarisation or "widening wealth-poverty gap"** within and between countries in the 'globalised' world, it refers to such growing inequalities and inequities as being among the outcomes "accompanying" globalisation [para 35]. In fact, such patterns are not coincidental, nor are they incidental side-effects of globalisation. They are intrinsic to the globalisation of the of 'free market' economies. While enabling and encouraging the already strong, well-endowed, well-placed, favoured, fortunate – or ruthless - to prosper, the removal of protective regulations for the more vulnerable, in order to allow 'open' competition, simultaneously plays upon and intensifies the disadvantages of the weaker countries, communities, and social groups. Such uneven effects and social and economic imbalances are intensified and magnified under conditions of unfettered globalised competition. These polarising effects between and within countries (including the richest such as the USA) have been powerfully and authoritatively documented in the UNDP's Human Development Reports throughout the 1990s. The 'survival of the fittest' and 'the devil take the hindmost' have always been, and are now more than ever, the two sides of the coin of capitalist ideology and practice. Thus, contrary to NEPAD's statement that "there is nothing inherent in the process of globalisation that automatically reduces poverty and inequality" [para 40], it is more correct to state that there is much that is inherent in the globalisation of capitalism that automatically increases poverty and inequality throughout the world.

**5.1.5.** In the context of such growing inequalities -which it cannot fail to see between Africa and the rest of the world - NEPAD's response is not to question this system but to suggest a **more effectively managed integration** of the world [para 28]. This would create more "fair and just rules" [para 33] to ensure a "more equitable and sustainable" development" in Africa [para 52] and the world. According to NEPAD, this effective management through "the cooperation of governments and private institutions" will ensure that the "benefits of globalisation are more equitably spread" [para 40]. NEPAD's writers see that "governments – particularly those in the developed world – have, in partnership with the private sector, played an important role in shaping the form content and course of globalisation" [para 39]. In this, NEPAD is correct in noting that it is not just 'science and technology' that drives globalisation but political and economic forces. What it does not seem to understand is that globalisation reflects the structural needs of the most highly industrialised economies, and is essential to the very functioning of the capitalist system. The driving motivation for this alliance between the governments of the industrialised economies and their global corporations has been, and is, to restructure international economic relations and re-regulate both international and national economic policies as required in order to optimise their

advantages and maximise their access and rights all over the world. Thus the 'form, content and course' of globalisation has been determined by, and in the interests of the very forces that NEPAD seems to believe will cooperate in the creation of a more just global system. This reflects and is part and parcel of NEPAD's entire belief in its capacity to persuade such neo-liberal and thoroughly self-serving governments (particularly the unilateralist global hegemon, the USA) into a 'new partnership' with Africa. This presupposes a far-sightedness and preparedness of such short-sighted, deeply prejudiced and totally self-serving governments to compromise their own economic interests and needs in any real way in order to respond in the interests of Africa.... humanity.... or the world.

**5.1.6.** In the same vein, NEPAD fails to point to the **policies and role of the rich and powerful countries** in actively contributing to and even creating Africa's extreme problems. To the contrary, NEPAD seems to attribute Africa's failure to 'benefit' from 'globalisation' to **factors and failures within African economies and societies**. Thus NEPAD identifies the "low level of economic activity" in African countries "creating a self-perpetuating cycle" that "severely weakens Africa's capacity to participate in the globalisation process, leading to further marginalisation" [para 35]. It also goes into some of the detail of the interaction of internal factors in "Africa's peripheral and diminishing role in the world economy" [para 26 ]. There are some elements of truth in such observations about internal weaknesses in Africa [para 18], but such 'explanations' fail to point also to powerful external factors, such as domestic protectionism in the industrialised economies and their external trade strategies that have deliberately blocked African trade access and undermined its potential to move up the ladder of productive development (see 4.2.7 above). Nor do NEPAD's references to the negative effects of colonialism in Africa touch more than superficially on the profound economic distortions and structural imbalances created in Africa during the process [para 21]. In fact, NEPAD, diplomatically skips over the long decades of direct and destructive neo-colonial economic, political and military interventions by the major powers in 'post-colonial' Africa that actively targeted and undermined or actively destroyed any African effort to introduce national economic strategies to deal effectively with their internal weaknesses, transform their societies, and definitively end their external subordination and exploitation.

## 6. THE MAIN OVERALL CONCLUSIONS

❖ The first conclusion is that, although NEPAD is projected as a **new and unprecedented 'African initiative'**, it has not only been initiated from within South Africa, but is largely being driven by the SA government, which is using its much greater resources (than the rest of Africa combined) in order to do so. Even more significantly, NEPAD clearly shows, in its detailed content, the hand of South African government strategists and policy-makers; including very specific strategic views and tactical options promoted by Pretoria in relation to the WTO and the global system in general. But, above all, many aspects of NEPAD can be seen to be serving specific economic interests of and within South Africa – which causes some civil society analysts and activists to use the highly critical term 'sub-imperialist' in describing South Africa's attitudes towards and relations with the rest of the continent.

❖ The related conclusion is that, although NEPAD has apparently been adopted by the African Union and is constantly described as being 'driven by African governments', this may be true in a formal sense but it misses the point that most African governments are not independent agents, but are subject to constant constraints and pervasive pressures from outside agencies towards particular policies, whether they agree with them or not. However, more often than not, African leaders have internalised many of the ideological assumptions and instructions of their international institutional mentors and foreign aid and trade 'partners'. And this opportunism, or 'survival' necessity for African policy makers to adopt the policies, or at least speak the language of such agencies, is reflected also within NEPAD, which, in many respects, has been formulated with a view to what foreign investors and other 'partners' want to hear, and what they do not want to hear. But, more fundamentally, NEPAD's approach is an adaptation to their world view and an acceptance of the global balance of power. Thus, this programme does not have to be directly driven by such outside players when African policy-makers are

themselves anticipating and proactively proposing what they know powerful governments and other international agents want to hear.

❖ The further related conclusion is that the potential partners from whom NEPAD is seeking support will also **directly and de facto determine the outcome and the very directions in which NEPAD goes**, even within the 'independent' African framework which they are merely 'responding to'. In the first instance, their role will be reflected in their willingness to come up with the sums of aid and investment that NEPAD is soliciting – which is already extremely doubtful – and the constant political bribery that they will exert through the possible prospect of further aid.... or less. But, more indirectly and subtly, these 'partners' will determine the directions of NEPAD's programme by making their own selections of which sectors or proposed projects they are prepared to finance, or even which projects they will support in terms of the African countries participating therein. These are well-established and well-known practices of Northern 'donors', and it explains the motivations of the long-standing arguments and plans within Africa to be less susceptible to such manipulations by becoming more self-reliant through the mobilisation of internal financial and human resources.

❖ In so far as NEPAD does actually try to change **the attitudes and behaviour of the rich and powerful governments, and other influential players**, it is mainly in the section entitled A New Global Partnership [paras 174 –185]. While there are some attempts at moral 'persuasion', this and other sections reflect a combination of inducements and enticing offers of what is 'available' in Africa, not only economically and in its rich and varied natural resources, but also environmentally, culturally and so on. But NEPAD also includes very carefully veiled 'threats' about the consequences and dangers to the rich world in not responding to the crises in Africa: which is argued to be in their own interests and to protect their own economies and societies, life-styles and security. The broader 'threat' is that unless the widening gap between wealth and poverty in the world is addressed, globalisation will not be "sustainable". This, of course assumes that the globalised capitalist economy should in fact be 'sustained'.

❖ It is in this latter connection that the most fundamental feature of NEPAD needs to be explicitly drawn out; that is the **relationship between regionalisation and globalisation**. For a start, this document consistently confuses and conflates concepts and precepts, and even specific organisations related to 'African integration'. It is significant that the writers of NEPAD can, for example, casually throw together SADC, ECOWAS and RETOSA [para 163], as examples of integration programmes, suggesting that they are of same order and scale; whereas the former are two of the major country groupings or RECs in Africa, while RETOSA is simply a cross-border tourism cooperation project within SADC. Even more fundamentally, NEPAD, either out of such confusions and inadequate knowledge, and/or out of a deliberate intention to obfuscate, or blurr, its real intentions, refers throughout this document to 'the integration of Africa' without making it clear when, or rather whether, what it is proposing is **integration within Africa, or the rapid integration of Africa into the global economy**. These carry totally different and mutually contradictory implications for the development prospects within Africa. Given NEPAD's views on the 'positive' attributes of and 'gains' to be had from globalisation, the conclusion indicated is that NEPAD certainly endorses the latter, without apparently understanding its counter-effects and contradictions with the former.

❖ Finally, and directly related to this last conclusion is the other basic question as to which of two contrasting and counterposed strategic views NEPAD subscribes to on the **nature and aims of integration within Africa**. Is African regional integration and development to be a state-led and politically negotiated holistic developmental process, or a mainly investor-driven and market-led process? Is African integration to provide a platform for the continent to engage more effectively, politically and economically, with the global system, and a geographical, political and policy 'space' within which the participating countries can cooperate and coordinate their policies and programmes? In this view, regional integration is a development means and end in itself. Or is regional integration a means to create larger markets and investment fields to attract international investment and technology as the key means for growth; and thus what is needed is "open regionalism" which makes such regional blocks the "stepping stone" for African economies to fit into the global economy? The tensions and contradictions between these different orientations will be born out in practice as, or if, this programme is implemented.

## **The prime questions for African civil society organisations**

- ❖ The prime questions for African social movement analysts and activists are not, in fact, how or whether NEPAD will be implemented. Civil society concerns do not relate to the 'institutional overlaps' between the structures of the AU and NEPAD. Nor are the concerns of African civil society whether these programmes will be 'inclusive' of all African countries or not, and what the role of NEPAD's 'peer review' will be in deciding participation. Nor should African peoples organisations even make it the main focus of their attentions whether the African ruling elites will pursue their own programmes for African unity, or find and create excuses to hang onto their 'national' prerogatives; which in fact means their national resource, patronage and power bases.
- ❖ A more important question for African civil society organisations is whether - given the innumerable inconsistencies, tensions and contradictions within this programme - NEPAD could, as some suggest, be 'improved' and made to work in the interest of Africa and African peoples. With the pervasive inadequacies and weaknesses of this document this seems highly improbable. The reason is that NEPAD is based on erroneous and contradictory aims and paradigms and, in order to be an appropriate development plan for Africa, it would have to be a fundamentally different plan.
- ❖ But the real questions and challenges for African peoples organisations are the kind of programmes that they consider to be necessary to answer to their needs, the kind of governments they need to implement such programmes, and their own empowerment and mobilisation to create the appropriate programmes and governments. As one aspect of this, African peoples organisations have also to know more about Africa's history - about the efforts, the achievements and the failures of the past and recent past, and the present – in order to build on, or correct, and move forward to create real alternatives for themselves and the continent.





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