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REPORT ON THE FINAL REVIEW OF UNPAAERD.

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Over the first two weeks of September 1991, an ad hoc Committee of the United Nations General Assembly met to consider and report on the United Nations Programme of Assistance to Africa's Economic Recovery and Development (UNPAAERD). The centre piece of the meeting was the Report of the U.N Secretary General, "Economic Crisis in Africa", which was highly critical of UNPAAERD. It indicated that Africa was in fact far worse off at the end of the UN Programme than it was at the beginning.

Before dealing with the Secretary General's report in detail we should go back to 1985 when world attention was focussed on Africa. At that time Ethiopia, Eritrea, Sudan, Mozambique, Somalia and other African states were gripped with famine brought about by war and drought; nearly all of Africa was economically stagnant and going backwards. In Australia as in the rest of the world there was a public outpouring of unprecedented concern and support for Africa. This was exemplified by the Band Aid and Oz for Africa phenomena, and the deification of Bob Geldof.

In response to this the General Assembly of the UN met in Special Session to consider ways of supporting Africa's efforts to alleviate the severe crisis that gripped the continent, and to lay the foundation for its sustained economic and social development. African countries presented the Assembly with the African Priority Programme for Economic Recovery. After debate and some modification the General Assembly session concluded in June 1, 1986 unanimously adopting UNPAAERD. UNPAAERD represented a unique agreement between African states and the international community, with both sides committing themselves to serious and far-reaching efforts to accelerate Africa's development process. It was the first such programme ever adopted by the UN, and it created major expectations for better prospects for Africa. In it Africa committed itself to " .. provide the necessary framework to launch long-term programmes for self-sustaining socio-economic development and growth" and the international community undertook to " assist Africa to achieve this objective."

Since 1986, the General Assembly has expressed continuing concern at the pace of progress in implementing this "compact". The Secretary General's Report to the Final Review summed up this concern and frustration when he questioned the solidarity of member states and their will and capacity to act in concert to address " the wide spectrum of inextricably linked development issues, both within and beyond the continent" in overcoming "the persistent decade-long crisis [which] represents the greatest development challenge of our time."

The report noted that economic and social conditions actually worsened over the five years of UNPAAERD. This reflected a neglect by the international community despite African States significantly keeping to their side of the bargain. They instigated far-reaching reforms across the board including the end to many conflicts and rapid progress to democratization.

Most of the reforms were within the framework of structural adjustment programmes (SAPs) formulated in conjunction with the IMF and World Bank. These SAPs focused on short-term objectives of stabilisation rather than on the broader, long-term development objectives of UNPAAERD.

The African states estimated that they needed \$128.1b of extra resources over the five years in order to implement the programmes. They agreed to provide \$82.5b from domestic sources, with donors providing additional external resources of \$46b or \$9b per annum. Africa's domestic efforts fell short of projections because of the massive decline in terms of trade. In 1986 alone Africa lost \$19b in export earnings and over the entire period lost \$50b on expected income.

While some partners substantially increased support to the continent, the expectation of additional net resource flows did not eventuate. Net resource flows to Africa in real terms actually declined from \$24.6b in 1986 to \$23.3b in 1990. ODA stagnated at around \$16b annually while private resource flows fell sharply. Africa became more indebted at the end of the programme. Debt rose from \$203.7b to \$271.7b over the period.

To put these figures into perspective the GDP of Africa fell from \$200b to \$140b over the period. The collective economies are about the same size as Belgium and are less than half that of Australia which has a GDP of over \$400b. In Australia we are concerned with a debt representing 30 percent of GDP. For much of Africa it is over 100 percent and most of that is public debt.

The end result of this economic decline is the increased impoverishment of the people. Living standards regressed, with children, women, and the poor bearing the brunt of the decline. Real wages declined 30 percent overall with public sector wages falling by half. Open unemployment grew by 10 percent per annum affecting 30 million Africans by 1990, and severe underemployment affected 90 million, some 30 million more than in 1985. Expenditure cuts contributed to the decline in health, education and other social services. These services are now less accessible to the poor. For example the capital spending in Nairobi for water and sewerage fell from \$28 per capita in 1981 to \$2.50 in 1987. The sub-saharan average for public health spending is \$3.50 per person per year, about the same we are being asked to pay for one subsidised visit to the doctor. At the beginning of UNPAAERD the proportion spent by African states on health and education was a pathetic six and fifteen percent respectively. At the end of UNPAAERD this had fallen to five and eleven percent respectively.

In education the decline is most disturbing because children at school are the human resources for the future. School retention rates are declining. Of the students commencing primary school in 1986 only 65 percent were still enrolled three years later. The total number of illiterate in Africa rose for the first time since 1960, with the greatest effect being on women.

Not only are numbers in school affected but also the performance of those in school, both teachers and students. In 1985 there were 25 percent undernourished children at school, in 1989 this was 40 percent. In 1990 26.6% of Africa's children were underweight, 53.3% stunted and 10.2% wasting. On top of this there is the new health crisis with cholera becoming endemic in more and more African states and the rising spectre of AIDS. Conservative estimates for HIV infection are now 6 million for Africa including 3 million women and nearly a million infants.

The cause of the decline in standards is not only a result of the declining terms of trade and resource flows but also as a result of the SAPs imposed by the World Bank and IMF. These policies have dominated African development during the period and have had a direct effect on the debt burden of Africa. It is therefore worth examining in some detail the roles these institutions had on resource transfers and in meeting the goals of UNPAAERD. For instance the World Bank's net disbursements to Africa totalled \$7.6b or an average of \$1.9b per annum. Over the five year period there was little change in the World Bank's commitments. In 1986 it disbursed \$2.94b and in 1989 \$3.21b. The repayments to the WB reduce the net transfers significantly.

The World Bank transfers however are small in terms of total resource flow. They represent a little over 10 percent of ODA. Annual transfers by NGOs to Africa for

instance totalled \$2.9b made up of \$1.4b from private sources and a further \$1.5b from public sources. This is substantially more than the World Bank, yet the World Bank gains a major say in African economic policy and the pace and direction of the implementation of that policy. NGOs do not seem to be able to attain the same level of authority.

If we examine the Bank's partner, the IMF, the figures are even worse. The IMF's total direct financial commitment to Africa increased from SDR1.5b at the end of 1986 to SDR2.8b at the end of 1989. The number of countries using these facilities increased from 17 to 25. However given the non-concessional nature of IMF lending before 1986 the repayments from earlier loans meant that over the period of UNPAAERD the IMF took more money out of Africa than it put in to the tune of \$580m per year.

The Fund set up a Structural Adjustment Facility and an Enhanced Structural Adjustment Facility in 1986 and 1987 respectively, to provide assistance at highly concessional terms to countries which undertook Structural Adjustment Programmes to its satisfaction. The total transferred under this package was \$1.29b, nothing like enough to offset the repayments. The IMF did nothing to compensate the collapse in the terms-of-trade despite a specific call for "adequate compensatory finance" under the UNPAAERD compact. The finance available for this was prohibitive, being at market rates and only to those countries with SAPs.

Debt however was the shadow overhanging the UNPAAERD period. As mentioned earlier debt rose from \$212.2b to \$271b during UNPAAERD and for sub-saharan Africa rose from \$103b to \$150b. The ratio of debt to GDP rose from 68 percent in 1986 to 91 percent in 1990. Not only is the debt in monetary terms a crushing burden, but the structure of the debt is becoming more concentrated and inflexible falling more and more into the hands of the IMF and World Bank. Sixty two percent of debt is official (either multilateral or bilateral). The power of the multilateral institutions is exemplified by the fact that, with the exception of four countries, the multilateral debt was fully serviced in 1989. The amount paid as a percentage of debt due was 86 percent for the multilaterals, 21 percent for bilateral creditors and 29 percent private creditors. The IMF and World Bank get first call on debt service payments.

Debt forgiveness during the period was little more than a joke. The total amount forgiven for the 32 low income countries of Africa was \$1.6b and a further \$206m for the middle income countries. All debt forgiven was concessional. This meant that in terms of the total burden Africa faced during the period the debt service repayments were lowered by the princely sum of \$100m.

The report discussed the Paris Club approach to debt relief including the Toronto agreement of the G7. The Toronto Terms saved the 15 African countries benefiting all of \$50m in interest annually. The report found that these Paris Club arrangements exacerbate long-term debt by increasing the debt stock through the capitalisation of the interest in arrears. Coupled with the linkage to SAPs this has led to a social catastrophe. Donors have also taken to financing the cost of debt relief by transferring funds from their aid budgets. This further reduces any benefits from debt forgiveness.

The Secretary General's report concluded with a specific call to maintain the 'compact' and make it work. He said it must be "specific, operational and clearly focussed on the goals to be achieved." Three essential aims of a "New Agenda for Africa" were identified:

- i) the transformation and diversification of African economies;
- ii) sustained and sustainable economic development with an acceleration in the growth of GNP to at least six percent.
- iii) human development, including rapid progress in the areas of life expectancy, women's development and equal status, reduction of child and maternal mortality, nutrition, health, water and sanitation, basic education, shelter and full productive employment.

The report is an impassioned plea not to let Africa rot. It calls for specific actions on debt, resource transfers and from Africans, continued economic reforms and transformations; an increased investment in human development; special attention to environment, population and food production; regional integration and co-operation; and popular participation and governance. It saw a particular role for the UN in promoting and monitoring the New Agenda. It specifically called for the establishment of a high level committee under the aegis of the General Assembly plus a group of eminent persons to be responsible for the monitoring and reporting on the implementation of the new compact.

The report concludes with a sombre warning:

" member states should also be reminded of the cost of failure: a whole continent would continue in stagnation and despair with repercussions for the entire world."

Following the presentation of the Secretary General's report the ad hoc Committee met for ten days to respond to the report through a plenary, draft its

own report of UNPAAERD, and set up the mechanisms for the new programme for Africa. In none of these tasks was it bound to accept the Secretary General's Report or its recommendations.

The plenary consisted of reports in which donor countries, the World Bank and the IMF tried to paint a far rosier picture than that of the Secretary General. They claimed that SAPs were in fact working and had been successful. They placed the problems of Africa with those recalcitrant countries which had not undertaken SAPs. The United States drew the analogy of East Asia as a model. It seemed to have selective amnesia when it came to describing the specific circumstances of the East Asian successes, claiming it was free market policies, democratic institutions, and an absence of corruption which were behind the economic successes of these countries.

Most of the statements espoused a concern for the plight of Africa but were short on specific proposals and at best gave only muted support for the Secretary General's Report. There was a lot of rhetoric for Africa but little substance. Perhaps the most outrageous example of cant came from IMF when it made a call for " four familiar injunctions: monetary strictness, fiscal discipline opening up of international trade, and **solidarity with the poorest.**"

Support for the Report came from the African States, NGOs and some UN bodies. NGOs were accorded some status at the meeting and were allowed to speak in the plenary session. The NGO statement emphasised:

- the overwhelming negative role the World Bank and IMF have played during UNPAAERD;
- the fact that there were no countries where SAPs had improved the lives of ordinary people and noted that SAPs are profoundly undemocratic, being an obstacle to democratization which subjugate African people and lead them to destitution.
- that the WB and IMF were not the only sources of difficulty but also African governments which have ignored the principles of popular participation, and maintained bloated military budgets;
- a set of concrete proposals including a charter for popular participation, cancellation of debt, African designed and implemented adjustment programmes, diversification of African economies, and an end to war and conflict.

One of the most powerful statements was a passionate address given by Richard Jolly, Deputy Director of UNICEF. He noted that the United Nations was " ... a vital antidote to the current trend towards the marginalisation of Africa in the world economy and in guarding against the marginalisation of Africa in world thinking."

He also had a particular message about the need for human centred development beyond mere words and slogans;

"People are the means and ends of Development. It is time to free the phrase of its rhetorical flourish, and to give it credence in Africa."

Following the plenary, came the process of negotiation between the donor and African states regarding the shape of the report on UNPAAERD and the commitments for future programmes. Very early on it became clear that there was little goodwill in this process and that the donor countries were going to commit themselves to very little.

The reasons for the negative approach to negotiations are complex. They have to deal with the attitude to the UN and the so-called new world order, and the deep tensions between the World Bank and IMF on one hand and the other UN agencies on the other, and a growing perception of Africa as an intractable basket case.

A manifestation of this approach was the way other fora concerning African issues were timed to coincide with the UPAAERD process. The Global Coalition for Africa (GCA) had its inaugural meeting in Paris at the same time. The GCA is a group of countries and agencies outside the UN process with the backing of, and considerable institutional support from, the World Bank. The GCA meeting agreed on a process to cover the agenda for Africa. The GCA is chaired jointly by Robert Mc Namara, former head of the WB, Jan Pronk of the Netherlands and the President of Botswana. It comprises eight donor governments and eight African states. It is making a concerted bid to hijack the UN agenda on Africa. So while the UN was squabbling the GCA was making an offer to garner support for its agenda.

Other examples of this sidelining of the UN include negotiations between other African states on debt issues while UNPAAERD was in session. Secretary of State Baker cancelled \$50m of Senegal's debt in return for Senegalese troops going to Liberia and Dan Quale was having negotiations with Nigeria on debt issues.

These other activities had the effect of disrupting the process. This even included a sales pitch by the GCA in a special plenary offering their services. As one cynic put it, the first consulting company to get the floor of the UN to peddle its wares.

The process was adversarial and divisive. Donor countries were reluctant to elaborate their positions and often it was only at the eleventh hour of negotiations that the true positions of some states emerged. The United States, for example made few comments throughout the process until the last day when the report was being finalised and then insisted on fundamental changes which it said were non negotiable. These changes effectively changed the whole thrust of the report. This had the fairly predictable result of provoking a threat of a walk-out by the African states. But this was no more than a threat as they knew that to do that would dent the credibility of the UN even further, playing into the hands of the USA and others.

What was the outcome of the Final Review of UNPAAERD. There is a report to be submitted to the General Assembly for adoption. The report is in two parts.

- i) An Assessment of the Implementation of the Programme of Action for African Economic Recovery and Development 1986-1990.
- ii) Action-oriented measures and recommendations for sustained and sustainable growth and development in Africa beyond 1991.

Both parts of the report represent a significant departure from the findings and recommendation of the Secretary General's Report.

The Assessment substantially modified the criticisms of the Secretary General's Report. To some extent bowing to donor pressure especially from the United States. The US claimed the report placed the blame for the failure of UNPAAERD 70 percent on donors and only 30 percent on African states. One suspects they were seeking a reversal of the apportionment. The report, being a consensus document goes some way to recognising the problems of debt, structural adjustment and the economic decline of Africa. However it insists that the lack of 'sustained economic reforms' were the major cause of the decline rather than the converse which the SG's report, NGOs and African states were suggesting. The Report claims UNPAAERD slowed the decline of Africa rather than exacerbated it.

The Assessment tacitly recognised that debt rescheduling does little to solve the debt crisis but merely serves to increase the total debt stock. It claims that the 35

percent increase in foreign debt is made up of increased arrears, rescheduled amounts and accrued interest. It also alluded to the deficiencies in Toronto Terms of agreements and expressed a hope for more radical approaches. Over the UNPAAERD period only 3 per cent of Africa's debt burden was cancelled or rescheduled, reducing debt service obligations by only one percent.

The overall tone of the assessment was cautious and apologetic with vague general comments rather than specific criticism. This particularly applied to the issues of resource transfers, debt and structural adjustment.

The proposed measures for future action, however were the most disappointing aspect of the process. Called "The United Nations' New Agenda For the Development of Africa in the 1990s, this New Agenda clearly puts the responsibility for Africa's development in the hands of Africans and abrogates international responsibility to Africa. The Agenda is said to be "... specific and clearly focused on goals and targets to be achieved within the time-frame", yet nowhere does it actually identify these. It is restricted to the rhetoric of concern in heavily qualified language. The only commitment by the international community is "... to giving full and tangible support to the African efforts." Goals become "... desirable objectives." On debt the international community "... undertakes to seek to find durable solutions ...". It then goes on to "envisage measures".

Specifically the New Agenda commits Africa to continued measures of adjustment, the promotion of regional and sub-regional economic cooperation and integration, intensification of democratization, investment promotion, human rights and human resource development, environment and development, population measures, food security etc. From the North the commitments are to generalities. On debt some of the 'envisaged measures' include donor countries paying off multilateral debt through aid budgets and the giving of "... serious consideration to proposal for an International Conference on Africa's External Indebtedness." On the issue of resource flows the international community "undertakes to pursue its efforts bearing in mind these targets [6 percent growth]."

The real failure of this Report however lies in the Follow-Up, Monitoring and Evaluation Machinery. The high level committee proposed by the Secretary General was not adopted. His suggested annual reviews become will be, shared between ECOSOC and the General Assembly. The effect of this is to keep Africa out of world and UN view and avoid critical appraisals of the progress of the New Agenda. Over the next decade the General Assembly will only discuss the issue of Africa's economic and social development three times, half as frequently as during the five years of UNPAAERD.

This approach to Africa's development perhaps reflects the changing role of the UN in the so-called 'new world order'. The UN is ceasing to be a place for review and debate and becoming a place for control and enforcement to be used by larger powers. The divisions within the UN system on economic matters run deep, with the Bretton Woods institutions on the one hand and UN agencies such as UNDP and UNICEF on the other, debating world economic development policy. The prevailing orthodoxy is that promoted by the World Bank, other views are ignored or marginalised.

The impotence of the UN on matters as grave as the social and economic decline of Africa is clearly a sad reflection on how major powers are selective in their use of the UN for solving major world problems. While prepared to use it to justify the Gulf War, on this occasion the UN was undermined as a forum for debate and for generating real resolve to assist African development. Perhaps the recently announced appointment of a new Secretary General from Africa can be the catalyst for change, but more likely not. It will continue to be powerless against the new world hegemony of the rich over the poor.