

THE THEORY AND PRACTICE OF INTERNATIONAL  
POLITICAL ECONOMY IN SUB-SAHARAN AFRICA: A  
DEVELOPMENTAL PERSPECTIVE.



BY

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## ACKNOWLEDGEMENTS

The impetus to conduct this research study comes directly from the little knowledge that I had about international political economy. Many questions continued to gross my mind, as I wanted to relate international political economy to the underdevelopment of sub-Saharan Africa.

So, I would like to express my gratitude to **Mr. Kale Ewusi**, my supervisor, for allowing me to execute this research study. Through his help and our discussions, my thinking on research methods and international political economy for development was certainly advanced, as I hope was his.

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*"A man is always a teller of tales, he lives surrounded by his stories and the stories of others, he sees everything that happens to him through them, and he tries to live his life as if he were recounting it".*

JEAN-PAUL SARTRE

## **ABSTRACT**

The study examined the theory and practice of international political economy in sub-Saharan Africa from a developmental point of view. The study looked specifically at the politics of economic integration for development, multilateral institutions that are involved in the developmental aid of the region, the challenges posed to sub-Saharan Africa's development by the international system (multilateral institutions and western developed countries) and extra regional partnership initiatives for the region's development.

The study ascertained that sub-Saharan African leaders have, since the era of decolonisation, embarked on different ways or mechanisms to address the economic crisis of the region but, however, failed to rescue the region. Amongst mechanisms adopted was that of creating regional economic groupings like ECOWAS and SADC. However, majority of regional settings created for economic development did not have much of successes in saving sub-Saharan countries from debt crisis. Failure of these settings has been more pointed on the unpreparedness of other regional countries to cooperate.

Multilateral institutions (IMF, World Bank and WTO) on the other hand, worsened the underdevelopment situation in the region, and therefore continued to dictate economic policy to sub-Saharan African countries. This was possible because many sub-Saharan African countries relied on aid from these institutions. Multilateral institutions continued to feature in the underdevelopment of sub-Saharan Africa by posing challenges like globalisation, economic policy and democratization to the development of the region. These challenges interfered with the development process of sub-Saharan Africa. However, with NEPAD as the latest initiative for extra-regional partnership, there is some hope that sub-Saharan region and Africa at large will benefit from developmental initiatives proposed by NEPAD.

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## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background

For the first thirty years after World War II, American leadership set the general pattern of relations among nations, and this pattern continues to influence the international political economy today. In the political arena, formal and informal alliances tied virtually every major nation into an American-led network of mutual support and defense. In the economic arena, a wide-ranging set of international organizations including the International Monetary Fund and World Bank grew under a protective American “umbrella” and often as a direct American initiative (Frieden and Lake, 2000:13). Even today, the above two mentioned institutions are still among those that dominate and determine the global political economy for development.

African countries are weak and dependent. The majority of these African states are not rich and most of them are found in sub-Saharan African region. Africa’s economy continues to depend on the West, partly because of the legacy of colonialism (Danziger, 1994:407). Though

majority of African countries are long decolonialised, this economic dependence has been deepened and extended. Most of these African countries require foreign budgetary support or aid to balance their yearly recurrent costs and they are mostly doing this by looking at the West, especially multi-lateral institutions, for financial support to underwrite their developmental plans. The dependency of African countries on the West has been largely on food. Food aid is required in large quantities by many of African countries and this situation has resulted in external debt swelling enormously, the creditors being Western commercial banks and financial institutions.

Sub-Saharan African region is the only part of the world where extreme poverty has been spreading steadily for over 20 years. The average per capita income in the 34 countries South of the Sahara needs to grow by four to five percentages per year for governments to reduce the dire poverty of their people. Halving poverty is part of the United Nations' Millennium Development Goal, and poverty reduction can be achieved in sub-Saharan region as a result of rapid economic growth (Sowetan, 2004-07-21).

More and more sub-Saharan African States including those that have achieved high rates of growth have incurred huge foreign debts and have

had to resort to multi-lateral institutions of the Western origin. There has been a major acceleration in the activity of the multi-lateral institutions in sub-Saharan Africa. This situation has had a negative impact on development, especially economic, of the region. It is clear that the sub-Saharan region's development process is substantially affected by the international economic system.

According to Murphy and Tooze (2000:177-8), the political economies of sub-Saharan African peripheral countries are beset with a variety of contradictions – contradictions among different factions of the local capitalist class and indigenous capital and the impoverished masses. As a result of these contradictions, sub-Saharan African countries remain in a perpetual crisis of legitimacy, due to the generation of revolutionary pressures, which the ruling classes attempt to solve by a combination of ideological, political, and economic containment, with increasingly limited success. Finally, due to these failures, the African ruling classes have, accepted the pursuit of development through economic subordination to the core, thus perpetuating their roles as comprador subordinates.

Despite all the problems caused by the external sources of the region's current economic situation, there is a general agreement across

commitment to the idea that continental and sub-continental integration schemes can be important tools for the region's economic development, as well as tools for achieving greater political and economic independence for the sub-Saharan region.

Murphy et al, (2000:181) further argue that, not surprisingly, there have been many attempts to analyse many integration efforts on the continent. Most of the literature has been devoted to the continent-wide African Union and the most prominent existing regional organizations, the Economic Community of West African States (ECOWAS), the Southern African Development Community (SADC), the Union of the Arab Maghreb (UAM) and also a program called New Partnership for Africa's Development (NEPAD).

It has to be noted that, integration in sub-Saharan Africa has a different starting point. Sub-Saharan states have been engaged in different attempts of regional integration for economic reasons. It is clear that most of the countries in the region are small, poor, and underdeveloped and therefore lack domestic markets. To compensate for these shortcomings it is necessary that sub-Saharan countries eliminate barriers to the trade among themselves.

During the past forty years or so, vast amounts of time and money have been expended on promoting regional integration in the sub-Saharan Africa, largely to no avail. The pathetically low trade flows among sub-Saharan African countries – excluding South Africa- have largely remained unchanged from a generation ago. It is the developmental domestic policies and practices of individual countries that will drive the region's economic development in the first instance, not how neighbors co-operate. What happens between neighbors is important but what will drive sub-Saharan Africa's economic development is the quality of relations between individual sub-Saharan countries and world markets (The Star 2004-04-19).

This exposition has been an overview of the general conditions, especially in sub-Saharan Africa. There are, however, some exceptions. These are South Africa and Mauritius. These two countries are developing industrial economies that, if they are sustained over a significant period, could become important drivers for sub-Saharan African development. Not because of regional integration but because of these countries' emerging as foreign investors in the region (The Star, 2004-04-19). The most and perhaps the only factor that can determine regional economic development is when the sub-Saharan region is able to control its economic policies (foreign).

Foreign actors control the economic, political, and social spaces of the sub-Saharan Africa region. The following are among the most important non-African actors that determine sub-Saharan African policies-

- Foreign multi-lateral co-operations. The most striking examples today are the oil companies, which run massive extractive industries in the region, which have almost, zero linkage to the local economics where they operate.
- Multi-lateral financial institutions. These institutions dictate economic and social policies to sub-Saharan African states.
- Other foreign states and non-state actors. Because of their role as donors and/ or creditors, these have extensive leverage, and therefore influence over the social and economic policies of the sub-Saharan states.
- Another important factor is the ability to generate a meaningfully economic surplus on one hand, and on the other its ability to direct a large part of that surplus to productive investment rather than private consumption. A large portion of sub-Saharan Africa's surplus leaves the continent with a debt repayment and expatriation of profit capital fight. These are some of the factors that explain the inability of sub-Saharan Africa states to train and retain the skilled people they need to

embark on a sustainable industrialization drive (The Star, 2004-04-19).

The multi-lateral institutions have been setting the parameters for and directing the economic policies of sub-Saharan African states. This has had serious implications for the content, evolution and trajectory of economic development strategies being pursued by developing African countries. As the process of globalisation is being questioned, it is imperative for the sub-Saharan region to shape the configurations of the system of global governance. This is best done by participating actively and effectively in all multi-lateral forums, to ensure that the region's particular economic interests and developmental objectives, as well as those of the African continent, are taken into account (South African Yearbook, 2003/4:175).

## **1.2 Statement of the Problem**

The study was motivated by the following questions:

- What are the politics of economic co-operation for development in sub-Saharan African region?

- What are the multi-lateral institutions involved in the developmental aid in sub-Saharan Africa?
- What are the challenges posed to sub-Saharan African region's development by the international system?
- What are the prospects for extra-regional partnership for sub-Saharan African region's development?

### **1.3 Rationale of the Study**

The study is important in the sense that it looked at how the international economic system has impacted on the development of sub-Saharan region. After a careful consideration at the economic problems facing sub-Saharan region, the researcher developed some interest in researching more about the causes of economic underdevelopment in the region and what role does the international economic system play in trying to remedy the region's economic crisis

### **1.4 Significance of the Study**

The study will be beneficial to academics, foreign economic policy makers and researchers involved in the international political economy in sub-Saharan region.

On the side of academics, the study will help students in international relations and development studies to improve their knowledge on the theory and practice of international political economy in sub-Saharan region especially from a development's point of view. The findings will further help to improve the performances of multi-lateral institutions involved in the developmental aid of sub-Saharan African region. To achieve these, the study will look at the small but growing group of efforts that unpack the relationship between foreign aid and development in sub-Saharan African region.

### **1.5 Aim of the Study**

To examine the theory and practice of international political economy in sub-Saharan Africa.

### **1.6 Objective of the Study**

The objective of the study was to examine the following specific aspects:

- The politics of economic co-operation for development in sub-Saharan African region.
- Multi-lateral institutions involved in the developmental aid in sub-Saharan African region.

- The challenges posed to sub-Saharan African region's development by international system.
- The prospects for extra-regional partnership for sub-Saharan African region's development.

### **1.7 Scope of the Study**

The study was restricted to the international political economy of development in sub-Saharan Africa. The study focused on sub-Saharan African region because most of the poorest countries in the world are found in the region and development has to be directed to those countries.

### **1.8 Literature Review and Theoretical Perspective**

Over the past few decades, much of the world focused on the debt crisis of Latin America, but the economic crisis in Africa was one that was more complex and rested on issues deeper than the short-term financial obligations of Latin American countries. The woes of African economic development were plentiful. Agricultural production, government institutions and political origins were only few of the contributors to the economic crisis of the vast continent. The solution would be extremely

difficult and would require the help of established countries and multilateral institutions ([www.eco.utexas](http://www.eco.utexas)).

However, this intervention of multilateral institutions instead worsened the economic situation of the region by introducing conditions to their aid. These conditions made the economic situation of the region to remain the same.

Sub-Saharan Africa is the only region in the world where the number of people living in extreme poverty has almost doubled, from 164 million in 1981 to 314 million today. Thirty-two of its forty-seven countries are among the world's forty-eight poorest nations with 11 percent of the world's population. Africa accounts for only about 1 percent of the global gross domestic product (GDP). The GDP per African has fallen by 13 percent, compared to 1981, and the continent remains on the margins of globalization, with a share of world exports that dropped from more than 3.5 percent in 1970 to about 1.4 percent at the end of 2002 ([www.worldbank.com](http://www.worldbank.com)).

According to Brautigam and Knack (2004:259), the economic crisis has been a main contributor to the underdevelopment of sub-Saharan African region. Early in the post independence period, a number of African countries experienced balance of payments problems and borrowed from

the International Monetary Fund to cover shortfalls in foreign exchange. When the first and second oil shocks sent petrodollars rushing into commercial banks, a new policies under the Reagan administration in the United States made interest rates soar, and the shock of Mexico's default in 1982 dried up commercial lending.

Most developed countries, especially the major capitalist states, use their economic, military and political power to ensure their continued dominance of the international political economy. Within most developing countries, certain, modern sectors and some prosperous actors do emerge because these sectors and actors co-operate with the international capitalists, but economic development in such countries is extremely uneven (Danziger, 1994:271).

However, it is important to note that development crisis in sub-Saharan Africa had its own origin. Brautigam et al (2004:255) alludes that, with regard to sub-Saharan African region, there are many reasons why development is slow. Colonialism did little to develop strong, indigenously rooted institutions that could tackle the development demands of modern states. Economic crisis and unsustainable debt, civil wars, political instability has all taken their toll over the past decade and more. It is indeed difficult to separate the impact of these problems from

the possible impact of foreign aid, which is often high in sub-Saharan African region that suffers precisely these problems.

An assessment of the colonial impact on African, especially sub-Saharan African region's political economy must begin with an explicit recognition of the diversity of the colonial experience. Among factors that have shaped this diversity were the natural resources of the colony, whether or not significant numbers of European settlers were present, the nationality of the colonial power, and even the philosophy and influence of individual colonial administration (Chazen, Mortimer, Ravenhill, & Rothchild, 1992:232-3).

Colonialism has impacted more on the underdevelopment of the sub-Saharan Africa. Nel and McGowan (1999:38) continue to argue that many former colonies entered the global political economy as sovereign and politically independent states between 1960 and 1980. Unfortunately, those states that began to try to develop and restructure their economies along the lines of the west ran into difficulties. Due to this, most of the sub-Saharan African states remained dependent for well over hundred years.

Mulunge (2003:26) argues that sub-Saharan Africa's debt has been a major subject of debate in international economic circles since the late

1980's. Since then Western governments and international financial institutions have launched a variety of activities to ease the debt burden. The initial reaction to the debt crisis was what has been referred to as debt rescheduling which, it was expected, would give developing sub-Saharan African countries a breathing space to grow out of debt problem. Part of this initiative involved encouraging countries to buy back debt from banks at a discount, thus cutting future obligations. From the initial proposals of debt rescheduling, the debate has reached a level where donor countries have now accepted that there is a need to move beyond debt rescheduling to debt cancellation.

Due to this debt crisis in sub-Sahara Africa that has resulted to lack of development, people have become hopeless and increasingly disinterested in making efforts to work towards development. This vicious circle has reinforced underdevelopment in the region. The economic crisis is partly the outcome of colonialism as well as civil wars (Nel et al, 1999:264).

Debt burdens remain high in many sub-Saharan African countries. Over 80% of the heavily indebted poor countries are in the region and the continent's total service ratio in 1999 was 13,9%, uncomfortably close to the 15-20% mark that is considered unsustainable. Nonetheless debt relief is now reducing debt service payment in fourteen countries that have

reached Paris Club agreements, freeing up public resources that can be redirected to increased social sector spending ([www.imf.org](http://www.imf.org)).

Moreover, high levels of aid in sub-Saharan African countries where the political leadership does not have development on the agenda are likely to reduce the incentive to co-operate in the sacrifices necessary for development to occur. Sub-Saharan African countries with economic crisis need to concentrate their resources on a number of critical activities. Yet aid creates an incentive to expand operations to include all the initiatives donors want to fund (Brautigam et al, 2004:263). Few sub-Saharan countries want to tell “no” and forgo opportunities today despite the problems this creates for medium and long-term sustainability.

Brautigam et al (2000:260) continue to argue that high levels of aid have the potential to improve economy, but they can also work against economic development. On the positive side, high levels of aid channeled to sub-Saharan African region with clear development agendas can be used to improve and strengthen economic policies. Some researchers have found out that high levels of aid promote growth when given to countries with good microeconomic policies. Positive levels of economic growth in turn, can also generate new revenues for funding improvements.

Sub-Saharan African region has been unable to benefit from sustainable inflows of private capital and the only reason behind this is the limited markets and infrastructure in the region. This dearth of private investment establishes the condition of sub-Saharan African dependence on official development assistance. It turned to be a general belief that without substantial increases in foreign assistance, the region will be unable to undertake serious internal policy reform ([www.eco.utexas](http://www.eco.utexas.edu)).

With no doubt, the general believe that without substantial foreign assistance there will be no economic development resulted into debt crisis in sub-Saharan Africa. According to Harrison (2002:52), the following are factors that have created debt trap in the sub-Saharan region-

- Third world governments and international organizations, especially the World Bank, believed that the main problem for the third world was capital shortage, and that the solution rested mainly in lending. The World Bank especially, developed a culture of lending, and even argued that a high indebted country means a healthy economy. Thus, from independence, sub-Saharan African states ran up large international debts in congruence with the prevailing consensus about development.
- More than other regions of the world, African economies were integrated into global markets in difficult position – mainly as the

exporters of primary commodities that are unprocessed crops and minerals. Although primary commodity prices have risen for some periods, they have been in decline from the 1980s onwards, and show a long-term decline. This means that sub-Saharan African economies, which are dependent on primary exports for their export revenue, have had to export more to earn the same amount of dollars.

- Sub-Saharan African governments have frequently run up debts in pursuit of goals that yield low returns on loans and generate renewed desires for loans. The various process of corruption in postcolonial African politics has meant that loans have been salted away into personal bank accounts through various devices. The fact that loans were not used productively was not a concern for those in many sub-Saharan African governments, and lenders such as the World Bank made few efforts to ensure that project lending was spent properly. Often, the solution to various forms of “project failure” was actually more loans.

Sub-Saharan Africa has an abundant natural resource base which can be a major contributor to sustained economic growth. Several countries in the region, notably Namibia and Madagascar, have implemented highly innovative community-based approaches to improve the management of

their natural resource base and to extend the economic benefits to lower income households. Major challenges remain, however: the region contains 45% of global biodiversity yet has the highest rate of deforestation in the world. Rapid urbanisation and industrialisation also create new environmental challenges. By 2016, over half of all Africans will reside in cities. The top-down approach to natural resource management in many countries has resulted in inefficient exploitation and contributed to degradation, while inequitable access to natural resources is often a root cause of social instability ([www.unaid.gov](http://www.unaid.gov)).

In trying to address this issue of underdevelopment in sub-Saharan countries, there has been an attempt for regional economic co-operation or integration for economic development. But then how can regionalism work better? The limited achievements of the market integration efforts following independence have opened a debate about its efficiency under present region conditions. Critics have argued that the models, taken from the experience of highly industrialised European countries that have a high level of industrialisation are low. The range of tradable commodities is seen as limited and consequently the transport and communication infrastructure is inadequate. They recommend that integration on approach can be abandoned and that new approach that emphasises

broadening the regional production base take its place. This would give priority to regional investment in heavy industries (World Bank 2000). Amongst issues that can make economic integration or co-operation fail is that of other countries failing to buy high priced goods from their partners when lower priced goods are available elsewhere.

According to World Bank (2000), many regional integration and co-operation in sub-Saharan African region were created soon after independence, although often without much planning or preparation. The Lagos Plan of Action provided a conceptual and planning framework for economic integration. It divided the sub-Saharan Africa into three sub-regions- West Africa, Central Africa and Southern Africa. Under the framework envisioned by the plan, each sub-region was to pass through three stages namely free trade area, customs union and economic community. Integration or co-operation can improve liquidity by providing a larger market and capital for investment. A workable option would be to combine forces at the regional level before the eventual creation of a single stock market.

However critics to regional integration argue that, most regional integrations in sub-Saharan Africa are characterised by serious policy lapses in the treaties establishing them. Among such are the prescriptions

made about the integration arrangements of sixteen countries in West Africa. The underlying argument set forth here is that, for a meaningful economic integration to occur amongst countries in sub-Saharan Africa particularly those in West Africa, certainly key conditions are required such as:

- The prevalence of some measures of political stability and accountability
- The need to foster a common culture in West Africa
- The need for economic transparency among the sub-Saharan African countries ([www.arts.uwa.edu.au](http://www.arts.uwa.edu.au)).

In sub-Saharan Africa, moves are under way to promote regional economic integration and the most promising is the Southern Africa Development Community (SADC). But the critical question about all these new regional trading blocs is not whether they will promote greater internal economic development but whether such regional groupings will fragment the world economy and run counter to the recent globalisation of trade (Todaro, 2000:527).

There are other economic integration schemes in the sub-Saharan region. According to (World Bank, 2000) the West African Economic

Community has been most successful. It has achieved a high degree of integration that supports economic specialisation and facilitates the flow of labour from poor countries to the richer coastal countries while supplying goods in the opposite direction. By reducing compensation mechanism, trade within the CEAO has expanded significantly and is now around ten percent of total trade.

The Economic Community of West African States (ECOWAS), whose member states include those in the CEAO and the Mano River Union has made little progress towards economic co-operation.

In the Central Africa's sub region, economic co-operation has also been disappointing. The Economic Community of Central African States, the youngest, has had difficulties in getting started. The Economic Community of Great Lakes States has been made to implement its trade liberalisation program. The slower progress of co-operation and integration in Central Africa may reflect the absence of regional leadership. The failures of the most promising economic community, the East African Community, demonstrates how the inability to solve political differences can compound the economic problems inherent in any economic integration involving countries at different levels of development. Most of the regional economic integration schemes in sub-

Saharan Africa have failed to achieve economic development due to financial crisis.

However the World Bank has chosen a particular role to make sure that all the countries under its tutelage take maximum advantage of market integration opportunities whether they want or not. The mechanism for forcing potentially reluctant participants to engage in the world market is the set of economic policies called structural adjustment; a vital component of structural adjustment is the insistent implementation of the doctrine of export-led growth. About five dozens countries, a great many of them in sub-Saharan region, are now applying structural adjustment programmes under the guidance of the IMF and the World Bank (Brown and Tiffen, 1992).

The World Bank's structural adjustment lending in sub-Saharan Africa has typically embraced the following conditions:

- Devaluation
- Reduction in tariffs and quantitative restrictions
- Reduction of budget deficit by decreasing government expenditure and raising revenue through, for instance, user charges for education, health, and water supplies.

- Restructuring of the public sector through institutional reforms, including managerial changes, capital restructuring, and technical assistance,
- Divestiture of public corporations, and
- Agricultural reform, including increased producer prices, reduced subsidies on inputs, reduction in the scope of operations handled by public agencies or their complete abolition, and improved research and extension (Chazen et al, 1992:307).

According to Allen and Thomas (2000:301), intervention by financial agencies, particularly the World Bank and the IMF, became the universal panacea to crisis. Adjustments had to be recognised as necessary by many of the affected sub-Saharan governments in order to claw their way out of crisis. Nevertheless, the manner in which these adjustments were imposed continued to under develop sub-Saharan African region.

The remission of the International Monetary Fund debt presented a different problem. The total debt for sub-Saharan Africa has risen sharply over the last fifteen years, from \$3million to \$8.7 billion. The International Monetary Fund generally acts in concert with the World Bank. It is not a bank and does not lend money, it provides temporary financial assistance by selling a member's Special Drawing Rights (SDR)

or other member's currencies in exchange for the member's own currency. This is intended as temporary balance of payments assistance. A number of low-income debtor regions such as sub-Saharan Africa, have not been able to draw on International Monetary Fund credits (Dent and Peters, 1999:91).

Kaya (2001:15) continues by arguing that Africa's attempt to achieve development have been shaped by Western bourgeois economist who do not appreciate that the underdevelopment of Africa is the effect of international capitalist accumulation and exploitation through the devastation and demoralisation of the slave trade colonialism and apartheid. Africa's underdevelopment tends to be explained somewhat tautological in the terms of inherent deficiencies. Although sub-Saharan African leaders understand the relationship between slave trade, colonialism, neo-colonialism, and economic development of the continent, they are seeking economic development with the same prescriptions of the Western bourgeois economists. Their economic development policies lean heavily towards efforts to secure loans, foreign expertise and technology, to increase the productivity of land, to discourage laziness.

However, Barkely (1995:26) on the other hand argues that it is now forty years since India and other countries of the subcontinent gained their

independence, and twenty-five years since most of the new countries of sub-Saharan Africa joined the United Nations as independent countries. With the end of colonialism, expectations were high that the former colonies would experience a period of rapid economic growth and social transformation. The post-war recovery of Europe with assistance from the U.S. Marshall Plan, as well as the Japanese development miracle, had led economists and statesmen to foresee the possibilities for similar progress in the third world, including sub-Saharan African region.

Moreover in recent years, improved policies in many sub-Saharan Africa countries have led to better economic performance. As policy makers in the region work to sustain high growth rates and reduce poverty, how can they most effectively meet the challenges of globalisation and create a favorable environment for domestic and foreign private investment? ([www.imf.org](http://www.imf.org)). The economic development of sub-Saharan African region rests on the foreign economic policy of the region. If the region can improve in that area of international political economy, the region can improve its economies.

An increasing number of countries in sub-Saharan Africa are showing signs of economic progress, reflecting the implementation of better reforms. These countries have successfully cut domestic and financial imbalances, enhancing economic efficiency. They have given greater

priority to public spending on health care, education, and other basic social services.

Growth in sub-Saharan Africa has risen strongly in recent years and is projected to average 3,9 percent a year over the ten years between 1996 and 2005 compared with 1,9 percent during 1986-1995. The sub-continent's economy will expand by an upwardly revised 4,6 percent in 2005, its highest level in three decades.

Sub-Saharan Africa's rising economic activity is supported by improved macroeconomic stability, sharply increased oil production, improved political stability and recovery in agricultural production following severe droughts in 2003. Higher growth this year will be boosted by stronger than initially forecast economic performance in Nigeria, which will expand by a project 4 percent (0,9 percent in April) in 2004 and 5,9 percent in 2005 (Sunday Times, 03-10-2004).

On how to address the issue of economic development in sub-Saharan African region, there have been some callings from different world organisations to the international monetary system to help out the region. According to (Sowetan-2004-08-19), the world's developing nations vowed to push debt relief for Africa, saying rich countries and lenders must boost efforts to pull the world's poorest region out of its economic

spiral. The Non-Aligned Movement, whose 115 members form one of the largest international groups aside from the United Nations, said it would urge more aid and investment for the region, as well as more regional input into decision on their economic affairs. The movement supports enhanced debt relief for Highly Indebted Poor Countries but seeks quicker delivery of this debt relief.

The economic situation in sub-Saharan Africa has improved significantly however, and the latest available data, for the region as a whole stands as follows:

- Real Growth Domestic Products (GDP) growth averaged four and a quarter percent a year during 1995-8, up from less than one and half percent during 1990-8, compared with an average decline of two and a quarter percent a year during the first half of the 1990s.
- After peaking at 47 percent in 1994, annual inflation dropped to ten percent in 1998.
- The overall fiscal deficit (excluding grants) fell from almost nine percent of GDP in 1992 to less than five percent in 1998 ([www.imf.org](http://www.imf.org)).

A recovering global economy is leading to a rise in development assistance to some of the world's least developed regions. The least

developed countries have benefited from the overall rise in official development assistance to all developing countries.

Among factors believed to come with or that will at least lead to the economic development in sub-Saharan African region is the extra-regional initiatives like New Partnership for Africa's Development (NEPAD) and the newly restructured African Union.

NEPAD is a pledge by African leaders, based on a common vision and a firm and shared conviction, that they have a pressing duty to eradicate poverty and to place their countries both individually and collectively on a path of sustainable growth and development, and at the same time participate actively in the world economy and body politics. The program is anchored on the determination of Africans to extricate themselves and the continent from the malaise of underdevelopment and exclusion in a globalising world (Mogekwu, 2002:4).

NEPAD is an African-led, integrated development plan that addresses social, economic and political priorities. It calls on African countries to join together to harness their natural and human resources, to be "architects of their own sustained upliftment." The newly reconstituted African Union (formerly the Organization of African Unity) also endorses NEPAD's emphasis on governance and cooperation to achieve

economic growth and social progress. As a major development partner, AU supports and encourages such efforts at improved governance, and has pledged full support to NEPAD in the areas of its mandate ([www.unfpa.org](http://www.unfpa.org)).

NEPAD came into being when African political leaders have been worried about the debt crisis in the continent. With the help of the Organization of African Unity they were granted a permission to encapsulate the idea of meeting with the developed countries to come up with a plan of action that is aimed at creating some sort of a partnership for the reawakening and rebuilding of Africa.

NEPAD is seeking a fundamental transformation regarding political and economic governance. Given the realities of the region, there is no illusion about the difficulties and indeed opposition from vested interests that sub-Saharan African region will face in implementing the objective of NEPAD. NEPAD is about genuine partnership and not paternalism. NEPAD is not an event but a process ([www.anc.org.za](http://www.anc.org.za)).

Lastly it has to be noted that, about three years ago the Organization of African Unity (OAU) vanished, and was replaced by the African Union. The Organization of African Union was formed in 1963 with the specific

mission of liberating those parts of Africa that remained under colonial rule and apartheid.

There were other African leaders who wished for the Organization for African Unity to be more ambitious and bring into being the “United States Of Africa”. Today Africa’s model for regional integration is no longer the United States of America, but rather the European Union. Regional integration at least in Africa is not a homegrown product but tends to be a copy of other people’s efforts. As with all limitations, regional integration in Africa is a superficial movement unlikely to achieve many of its architect’s stated objectives (The Star-2004-05-19).

For development to occur in sub-Sahara, Africa as a whole should lead the way and stop the bigger power and Western institutions meddling in its affairs. It should, however, consider, the conflict-specific politico-military, economic and social context even as it strives to firmly stamp its mark on realizing sustainable and credible “African solutions for African problems” (Sowetan-2004-09-16).

### **1.8.1 Theoretical Perspectives**

Theories enlighten. A theory is a set of related propositions that help to explain why events occur the way that they do. A theory is abstract, conjectural or speculative representation of reality. Thus, one does not ask of a theory whether it is true or false, rather, one asks whether it is enlightening. To theorize is to speculate with an intention to explain or understand (Knutson 1997:1)

However, Landsberg, le Pere and van Nieuwkerk (1995:15) argue that in contrast to many other scholarly fields, there is no single paradigm or theory in international relations that is widely thought to provide the basis for understanding of global phenomena.

#### **1.8.1.1 Marxist Theory**

Henderson (1999: 240) argues that, Marxism is widely accepted in the 1970's, as an explanation for the enormous wealth gap between the "North", the rich, industrial states generally above the equator, and the "South", the poor third world states in Africa, Asia and Latin American mostly below the equator. Marxist political economy, in contrast, starts from relations between people and classes, and tries to understand the

economy not as a perfect clockwork mechanism but as a dynamic system full of contradictions and doomed to be replaced.

Political economy is not about the relationship between commodities, prices, supply and demand: it is first and foremost about people and the social relationships between them -about the owners of wealth and how they use it to exploit others; about what is produced and how ([www.fifthinternational.org](http://www.fifthinternational.org)).

Marxist offers a perspective on international politics that contrast sharply with conventional paradigms. Marxist advances a theory of horizontal organisation based on the international class. However the implications of viewing capitalism as an international system were not fully explored until imperialism. In neo-Marxist analysis, the central feature of this system in the organisation of class interest on an international basis through the emergence of multinational co-operations. In this view, these co-operations have merely displaced sovereign states as the dominant actors on world stage, they also; like states themselves and international organisations, operate within structural constraints that ensure the long-term interests of global capitalism (Heywood, 2002:130).

### **1.8.1.2 Dependency Theory**

Steyn and Nunes (2000:31) further argue that dependency model came to being as critique of modernization's focus on domestic development being the stumbling block to development. It blamed the Western imperialism and the international socio-political system for the underdevelopment of the sub-Saharan Africa. Coetzee (1994:53), further argue that lack of development was caused mainly by the economic dependency of the territory on the export of primary products.

Dependency theory is as a "corollary of dominance, a situation in which the less developed countries have to rely on developed countries' domestic and international economic policy to stimulate their own economic growth" (Todaro, 2000:738). It is clear that dependency theory is exploitive and largely impoverishes sub-Saharan African region. Because of this theory, the pattern of dominance and dependence continues to characterise the unequal relationship between the sub-Saharan region and the international system.

### **1.8.1.3 World System Theory**

According to Landsberg et al (1995:20), the other variant of the neo-Marxist paradigm is the world system theory. According to this theory, the international division of labour is hierarchical and leads to state and societies playing one of three roles. At the top of the system are core states that produce and trade high-wage, advanced technology goods and which politically control the system.

World system theory represents historically political and economical approach to understanding international relations. It correctly sees that international markets and trade have never been free, and that states regularly intervene in global markets to gain advantages for their business classes.

Coetzee (1994:47) further goes on to say that, the unequal exploitation of peripheral economies lead to unequal exchange between industries and third world countries. Unequal exchange in turn perpetuates unequal development and hence the structure of uneven development or underdevelopment is continually reproduced. Landsberg et al (1994:2) allude that at the bottom of the hierarchy are peripheral states and regions that produce and trade low-wage, low technology commodities such as

agricultural and mineral products. The periphery is exploited and politically controlled by core states and their agents, such as the World Bank and International Monetary Fund. Sub-Saharan African region is at or on the periphery.

#### **1.8.1.4 Liberalism Theory**

Liberalism explains the global political economy in terms of the primacy of individual interest. It is tied closely to neo-classical economic theory that emphasises the importance of free markets. Liberalism approach underpins the value of individual enterprise and equal opportunity (Nel et al, 1994:24).

At the core of liberalism is an emphasis on the impact of ideas on behaviour, the equality and liberty of the individual, and the need to protect people from excessive state regulation. From this comes a conceptualisation of the individuals as the seat of moral value and virtue and the belief that human beings should be treated as ends rather than means.

Liberalism basically emphasises ethical principles over the pursuit of power and institutional interests as forces shaping inter-state relations (Kegley et al, 1999:25). Liberalism theory is basically a perspective on

the international economic order calling for competitive free trade for the mutual benefit of states, including the avoidance of war to maintain the trade system. Liberals have been less prone to deal with the misdistribution of wealth within national societies and among states that has accompanied all economic systems to date.

Landsberg et al (1995:24) conclude by arguing that, political economy pictures a much more complex world than either realism or structural realism, and thus a more interesting and accurate vision of international relations. This theory adds that, international politics and neo-realism's use of economic reasoning with the complex interdependence of international relations arises from the growing integration of the world economy. This has led neo-liberals to explore the growth of international institutions such as the European Community, the General Agreement of Tariffs and Trade and World Organisations, and international regimes such as the Bretton Woods and successor monetary arrangements.

#### **1.8.1.5 Realism Theory**

Landsberg et al (1995:16/7) argue that the oldest and most clearly paradigmatic approach in international relations theory is political realism. The widespread popularity of realism derives at least in part from

the fact that its major propositions are simply sophisticated restatements of what political leaders have been doing for centuries. The basic insight of this paradigm is that sovereign states are the fundamental actors in world politics and that they exist in a Hobbesian state of nature, a political anarchy, in which there is no higher political authority. Anarchy produces a security dilemma for all states, which must therefore selfishly seek survival by promoting their national interests and engaging in self-help, including the right to wage war. Self-interest demands that all states seek to preserve and enhance their power, particularly their military power. According to Kegley et al (1999:27) realism views the state as the most important actor on the world stage since it answers to no higher political authority.

Realism theory fails to account for significant new developments in world politics especially the economic politics. It fails to point out the link between trade and the role of multinational institutions in advancing economic development between states or regions.

#### **1.8.1.6 Idealism Theory**

Imaginative thinkers have offered many schemes over the centuries to eliminate war. Frequently these thinkers view war as a product of the

anarchy that comes from modern governments, sending their armies to war whenever they wish. Corrective schemes typically call for centralised control over governments and military power, in other words, world governments.

The numerous civil wars in the world teach us that government by itself is no panacea for war. Without the underpinning of the shared value of a world culture, a world government unquestionably would be a vain effort (Henderson, 1998:145). According to this theory, there must be institutions that deal with international or foreign relations. These institutions include International Monetary Fund, World Bank and the World Trade Organisation.

According to Heywood (2002:128) the defining characteristics of idealism are that it views international politics from the perspective of moral values and legal norms. It is concerned with empirical analysis (that is, with how international actors behave) than with normative judgements (that is, with how they should behave). For this reason, idealism is sometimes seen as a species of utopianism.

## **1.9 Hypotheses**

The study was based on the following hypotheses-

- Sub-Saharan African region appears to have proper politics of economic co-operation for development.
- The international economic system tends to have a negative impact on the development of sub-Saharan Africa.

## **1.10 Methodology**

This was a documentary survey research on the theory and practice of international political economy in sub-Saharan Africa. According to Denzin and Lincoln (1994:2) qualitative research is a multiperspective approach utilising different quality techniques and data collection methods to social interaction, aimed at describing, making sense of, interpreting or reconstructing this interaction in terms of the meaning that the subject is attached to it. In this research, qualitative method was followed to produce detailed data regarding the history of economic crisis in sub-Saharan Africa and to account for the development of processes such as regional economic integration. Du Plooy (1995:127) adds that, surveys on the other hand are undertaken to gain a better understanding of a

phenomenon or a problem. This research survey described what exists in the arena of international political economy for development in sub-Saharan region. The study relied on the following, as the sources of information:

- Primary data from key persons such as officials from South Africa's Department of Foreign Affairs, International Relations experts (researchers and analysts) and members of non-governmental Organisations such as (Africa Institute of South Africa, Institute for Security Studies, and South African Institute of International Affairs) that are involved in International Political Economy for the development of the region.

The above-mentioned subjects had a thorough understanding of issues related to the international politics for economic development in sub-Saharan region. According to Manson (2001:35) people do serve as sources of information in the sense that they may be repositories of knowledge, evidence, and experience. You might talk to them, or observe them. The above key persons served as repositories of knowledge regarding economic development in sub-Saharan region.

- Secondary data sources such as books, journals, newspapers, previous researches, articles, and Internet materials dealing with international political economy. These sources were consulted because they were relevant to international political economy.

#### **1.10.1 Methods of Data Collection**

- Personal and telephonic interviews were conducted with key persons stated above. Information gathered from them was invaluable on the questions that have motivated the study. Interviews were conducted to provide and add additional dimensions to the political economy of sub-Saharan Africa and also to help the researcher to approach research questions in greater depth. Interviews were also conducted to promote discussions and share as much information as possible; an interview with a set of unstructured questions was used. Kahn and Cannel (1995:80) describe interview as “a conversation with a purpose.
- The investigation of secondary data sources such as books, journals, newspapers and Internet materials related to the International political economy for development in sub-Saharan region. These secondary sources of information provided the study

with all the information needed, from the history of debt crisis in sub-Saharan Africa to the current era of regional economic integration. Secondary sources such as books and journals helped in providing a way of gaining access to set of events or processes, like the record of regional integration, which cannot be observed because they have already occurred without recourse to verbal description and reconstruction. Manson (1996) alludes that the analysis of documentary sources is a major data generation method in social research. These secondary sources were also used because they existed and also related and relevant to the research questions.

#### **1.10.2 Data Analysis**

Marshall and Rossman (1995:111) view data analysis as, the process of bringing order, structure and meaning to the mass of data collected.

In this research, data collected were from both interviews and examination of secondary data and were analysed through qualitative method. Qualitative data obtained from both primary and secondary sources of information included views of key persons and examination of secondary sources on the theory and practice of international political economy in sub-Saharan Africa and analysed on the basis of content.

In order to validate data from both primary and secondary sources of information on the theory and practice of international political economy in sub-Saharan Africa, a triangulation approach was used. According to Neuman (1997:151) in social research, triangulation means different types of measures, or data collection techniques, in order to examine the same variable. de Vos (2001:359) on the other hand, highlights that, triangulation refers mainly to the use of multiple methods of data collection with a view to increase the reliability of data collected, and not specifically to the combination of qualitative and quantitative approaches.

#### **1.11 Limitation of the Study**

The study was limited by the following:

- The researcher encountered some difficulties in getting reach of key persons stated above for interviews and that caused some delay in the completion of the study.
- The researcher had limited access to resourceful libraries and therefore resorted to old but relevant books.

#### **1.12 Ethical Consideration**

- Respondents were informed of the participation that was voluntary.

- Respondents' information was treated as confidential.
- Respondents were assured of access to the findings of the report.

### **1.13 Organisation of the Final Report**

Chapter One is the introduction. It includes the background, aim, objectives, literature review and methodology of the study.

Chapter Two looked at the politics of economic co-operation for development in sub-Saharan Africa.

Chapter Three evaluated multi-lateral structures involved in sub-Saharan African region's development.

Chapter Four measured the challenges posed to sub-Saharan African region's development by the international system.

Chapter Five examined the prospects for extra-regional partnership for the sub-Saharan Africa's development.

Chapter Six provided the conclusions and recommendations of the study.

## CHAPTER TWO

### THE POLITICS OF ECONOMIC CO-OPERATION FOR DEVELOPMENT IN SUB-SAHARAN AFRICA

Sub-Saharan Africa is one of the most underdeveloped regions in the world and the poorest in Africa. However due to the efforts of different political heads of different sub-Saharan countries, there is some hope for change- despite all the negative information about the region. Political heads are now becoming more and more involved in the politics of economic integration or co-operation for development in the sub-Saharan region. An increasing number of countries in the region are now starting to show signs of economic progress, reflecting the implementation of better economic policies, structural reform and integration.

Most of these countries are trying to cut domestic and external financial imbalances, enhancing economic efficiency and co-operation for developmental reasons. Many countries in the region had given greater priority of public spending on health, education and other important social services. Most governments in the region are now involved in open participatory forms of governments that encourage regional economic integration and co-operation, debt relief and forgiveness.

This chapter will look at the politics of economic co-operation and integration in sub-Saharan Africa, that is a brief history on economic crisis in sub-Saharan Africa, and the record of regional economic co-operation and integration, which will include only some big and important regional groupings in sub-Saharan Africa. In other words, groups from West Africa, East Africa, Central Africa and Southern Africa.

### **2.1 A Brief History on the Economic Crisis of sub-Saharan Africa.**

According to Todaro (2000:708), although the 1970s and 1980s had been a time of stagnating incomes, declining employment and worsening poverty for many developing countries, nowhere has the situation been more severe than in sub-Saharan Africa. At the heart of the African dilemma is an inexorable economic decline, a drop in per capita incomes, rapid increases in population, the loss of export revenues, the curtailment of foreign investment, the destruction of fragile eco-system and the inability of many countries to feed their people and meet other basic human needs.

Since the early 1980s the external debt situation of sub-Saharan Africa has been one of the most severe of the many obstacles to growth and

development in the region. During mid 1980s, a variety of measures were introduced- or at least proposed- with the purpose of reducing the debt burden, mostly in the context of economic development programs.

The background to the accumulation of large debt burdens in sub-Saharan Africa has been analysed in several studies. External borrowing on a significant scale began only in the early 1970s. After the oil shock of 1973, the oil importers of sub-Saharan Africa undertook external borrowing to compensate for oil price increases, while oil exporters borrowed to finance highly ambitious investment programs. By the second half of the decade, sub-Saharan African leaders embarked on these types of extensive programs (Stymne, 1993: 77).

Africa's economic development in the new millennium has been dominated by the debt crisis. Foreign indebtedness now poses a fatal impediment to Africa's development and the future prospects for many countries are daunting. At the end of 1998, annual debt service payments from Sub Saharan Africa, the world's poorest region, to the richest countries amounted to \$15.2 billion or 15% of exports. The total debt currently stands at \$231 billion ([www.jubille2000uk.org](http://www.jubille2000uk.org)).

Hope (1997:105), continue to argue that the debt crisis, balance of payments, difficulties, environmental disasters, ethnic conflict bureaucratic corruption, rapid urbanization, budget deficit, to name a few influences, have all contributed to the development crisis now confronting sub-Saharan region. Malunge (2000:23) on the other hand argues that one of the central factors that have been advanced to account for the rising impoverishment of Africa is the debt burden.

Sub-Saharan region faces major development problems, but for many nations it is debt that is the most significant immediate barrier to the alleviation of other problems, including poverty. The debt overhang has been viewed as having a debilitating effect on the welfare of sub-Saharan Africa's population. Its interrelated economic stagnation has been seen as responsible for the poverty afflicting most sub-Saharan African countries. To manage the debt crisis and arrest its adverse consequences of poverty, debt relief, write off, or forgiveness has been initiated.

Like the rest of Africa, most of sub-Saharan African countries are facing a serious crisis, which has resulted in a lack of development. This economic crisis is partly the outcome of colonialism as well as civil wars (Nel et al, 1999:264).

In the 1960s and 1970s, African countries became indebted to international lenders as they accepted loans for political and economic stabilization in the post-independence era. In the context of the Cold War, and with massive revenue surpluses of oil money in Western banks in the 1970s, loans were made with little thought to their purpose or to their recipients' capacity to repay the debt. Many were made to retain the loyalty of corrupt regimes, and much of the money went into the hands of unrepresentative and repressive governments. In the 1980s, when the shocks of the 1970s oil crisis, rising interest rates and falling global prices for primary commodities began to take a toll, the debt crisis in the developing world began to unfold (Nel et al, 1999:264).

Sub-Saharan Africa's debt crisis worsened during the 1980s, as the ratios of foreign debt to the continent's gross national product (GNP) rose from 51% in 1982 to 100% in 1992, and its debt grew to four times its export income in the early 1990s. In 1998, sub-Saharan Africa's debt stock was estimated at \$236 billion, and that of the whole continent was over \$300 billion. Africa's debt burden is twice that of any other region in the world, it carries 11% of the developing world's debt, with only 5% of its income. GNP in sub-Saharan Africa is \$308 per capita, while external debt stands at \$365 per capita ([www.africaaction.org](http://www.africaaction.org)).

Debt crisis of the sub-Saharan Africa has been a major subject of debate in international economic circles since the late 1980s. Since then Western governments and international financial institutions have launched a variety of initiatives to ease the debt burden. The initial reaction to the debt crisis was what has been referred to as debt rescheduling which, it was expected would give developing sub-Saharan countries some breathing space to grow out of debt problem. Part of this initiative involved encouraging countries to buy back debt from banks at a discount, thus cutting down future obligations. From the initial level donor countries have now accepted that there is a need to move beyond debt rescheduling (Malinge, 2003:23).

The following is a summary reflecting the indebted crisis of sub-Saharan Africa-

- For every \$1 received in aid grants in 1999, Sub Saharan Africa paid back \$1.51 in debt service.
- Sub Saharan Africa owes \$231 billion to creditors, that is \$406 for every man, woman and child in Africa.
- Sub Saharan Africa bears 9 per cent of the developing world's debts, but has only 5 per cent of the developing world's income.
- Since 1996, Sub Saharan Africa has paid the IMF \$1.2 billion more than it has received from the IMF.

- In 1999, Sub Saharan Africa paid \$15.2 billion in debt service. This works out at \$42 million a day.
- Sub Saharan Africa spends over twice as much on debt service as on basic health care.
- Sub Saharan Africa spends 6.1 % of GNP on education and spent 5.0 % of GNP on debt service. If Africa's debt were cancelled it could almost double its spending on education.
- Since 1990 debt service has risen from \$10.9 billion to \$15.2 billion, a rise of 39 per cent.
- Sub Saharan Africa's terms of trade has worsened steadily since 1980, as commodity prices have fallen. The effect is to make sub-Saharan Africa 40 percent worse off in terms of its trade relations with the rest of the world.
- If Africa's export prices had kept pace with import prices since 1980, Africa could have repaid its debt twice over ([www.jubille2000uk.org](http://www.jubille2000uk.org)).

According to Ojo (1999:34) it is hardly a secret that virtually all sub-Saharan African countries are confronted with serious political and economic crises. In the early 1970s, the neocolonial economic order began to crumble in sub-Saharan region at the height of global oil glut.

The 1980s has often been referred to as the period of sharp decline in trade volume with the rest of the world, and the negligible foreign investment in sub-Saharan Africa's "marginalisation" in the international economy.

The antecedent was the colonial economic structure where the state defined and regulated access to economic resources. This structure was adopted and developed into an elaborated patronage-based mode of production in the postcolonial era. A form of politicized accumulation that emerged under this clientelistic politics constrained the possibilities of capital expansion, retarded competitive capitalism and contributed to the collapse of many sub-Saharan economies (Ojo, 1999:34).

Economic growth slowed substantially throughout Africa during the course of the 1970s, and by decade's end many sub-Saharan countries were afflicted by declining output, fiscal shortfalls and rising debt. These problems peaked over the next several years, especially in the wake of the debt crisis.

However, sub-Saharan leaders have therefore embarked on debates to address the economic crisis the region is facing and in trying to do so they have proposed mechanisms that can be adopted to address economic development in the region. Amongst mechanisms they have been calling

for, to address the economic crisis of the region is that of debt cancellation or relief.

For sub-Saharan Africa, debt cancellation is critical not only to spur economic growth, but for people's very survival. Poverty reduction strategies will only be effective if countries in the region have the resources to channel to human development. Sub-Saharan Africa is paying a high price for its earlier attempts to achieve rapid development. This resulted in it incurring huge foreign debts to sustain its expanded social services and for physical infrastructure. Today, most of the infrastructure is collapsing because there is no money to maintain it as the continent struggles to pay its debt. The result is the deterioration of services and more indebtedness. Debt cancellation, if properly worked out, would be an effective way to break the chain of poverty and put the region on the path to sustainable development ([www.afroad.org](http://www.afroad.org)).

## **2.2 Regional Economic Co-operation and Integration in sub-Saharan Africa.**

African leaders in trying to address the issue of economic crisis, decided to design strategies to economic development. These strategies were set

in the Lagos Plan of Action for the economic development, and the aim was to improve the overall living standards of sub-Saharan Africa people.

O'Neill (1996:11), argues that integration is a concept whose meaning depends much on agreeing a definitional consensus than it does on establishing any abiding or universal properties. The variable nature of regional integration in the political debate, as well as its flexible usage in social scientific discourse, increases the methodological difficulties confronting the theories of regional integration.

Van Aardt (1997:252-3) highlights that regionalism has become accepted as a means of maximising regional economic opportunities, increasing political influence in the global system and realising political, socio-economic objectives. Various factors, however, mitigate these expected benefits of regionalisation.

On the other hand, it has to be noted that, economic integration occurs when a group of nations in the region, ideally or relatively equal size in and at equal stages of development join together to form an economic union or regional trading bloc by raising a common tariff wall against the products of nonmember countries while freeing internal trade among members. Integration needs to be viewed as a mechanism to encourage a

rational division of labour among a group of countries, each of which is too small to benefit from such a division itself. In the absence of integration, each separate country may not provide a sufficiently large domestic market to enable local industries to lower their production cost through economies of scale (Todaro, 2000:523).

There are different ways of integration however, and according to Davies (1998: 40) four forms of integration can be distinguished:

- Free trade areas that eliminate trade barriers between their members,
- Customs unions, in which member states enjoy duty-free access to each other's markets and adopt a common external tariff,
- Common markets, which extend the customs union by freeing the movement of capital and labour between members, and
- Economic unions, which aim to co-ordinate members' economic policies.

With no doubt, regional integration provides another strategic approach to reducing dependence. The idea of "collective self reliance" has an enduring appeal for African countries, and the Organization of African Unity's 1980 Lagos Plan of Action articulated this idea as a central part of the continental agenda. Regional integration, a goal for many sub

Saharan African countries since the late colonial era, has been seen as an answer to some of the more troubling legacies of colonial era (Chazen et al, 1999:311-2). Regional economic co-operation and integration is important in sub-Saharan region as an efficient strategy for the orderly and coordinated development of the region. Regional economic integration is an important step towards beneficial participation in the world economy ([www.unicz.it](http://www.unicz.it)).

Most regional integrations in sub-Saharan Africa are characterised by serious policy lapses in the treaties establishing them. Among such are the prescription made about the integration arrangements of sixteen countries in West Africa. The underlying arguments set forth here is that, for a meaningful economic integration to occur amongst countries in sub-Saharan Africa particularly, those in West Africa, certain key conditions are required such as-

- The prevalence of some measure of political stability and accountability
- The need to foster a common culture in West Africa
- The need for economic transparency among the countries ([www.arts.uwa.edu.au](http://www.arts.uwa.edu.au)).

Coordination based on the economic policies makes a lot of sense because coordination itself can generate benefits that are not possible otherwise. Sub-Saharan countries must cooperate and set nil tariffs against each other because they are likely to benefit relative to the case when the region's countries attempt to secure short-term advantages by setting optional tariffs. Any agreement in which countries agree to coordinate their trade, fiscal and or monetary policies is referred to as economic integration.

It is, however, important to highlight the fact that many regional groupings were created soon after independence, although often without much planning or preparation. The Lagos Plan of Action on the other hand, provided a conceptual and planning framework for economic integration. It divided the sub-Saharan Africa into three sub-regions, West Africa, Central Africa, and Southern Africa. Under the framework envisioned by the plan, each sub-region was to pass through three stages, being free trade arena, customs union and economic community (World Bank, 2000).

Ironically, perhaps even though economic integration may have greater economic payback for nations that are the least industrialized, the historical record suggests that it is much harder to establish economic co-

operation among least developed countries. In part this may be because in the early stages of economic cooperation some states need to be willing to sponsor the co-operation, that is, to absorb some additional costs in order to demonstrate the importance of that co-operation to other countries (Nel et al, 1999:116).

### **2.2.1 The West African Economic Community**

Among sub-Saharan Africa's economic integration schemes, the West African Economic Community or the Communauté Economique de l'Afrique de l' Ouest (CEAO) has been the most enhanced. It has achieved a high degree of integration that support economic specialisation and facilitates the flow of labor from poor countries to the richer coastal countries while supplying goods in the opposite direction. By reducing compensation mechanisms, trade within the CEAO has expanded significantly and is now around ten percent of total trade (World Bank 2000).

All the CEAO members, except Mauritania, belong to the West African Union and share the common CFA frank. They have a common central bank, which holds their reserves in a French Treasury Account. For the privilege of convertibility, the states belonging to the union have accepted limits on budget deficits and domestic credit expansion. But convertibility

is not a sufficient catalyst for promoting regional trade; there must also be a supportive regulatory framework and factor mobility.

### **2.2.2 The Economic Community of West Africa States**

The idea for a West African community goes back to President William Tubman of Liberia, who made the call in 1964. An agreement was signed between Côte d'Ivoire, Guinea, Liberia and Sierra Leone in February 1965, but this came to nothing. In April 1972, General Gowon of Nigeria and General Eyadema of Togo re-launched the idea, drew up proposals and toured 12 countries, soliciting their plan from July to August 1973. A meeting was then called at Lomé from 10-15 December 1973, which studied a draft treaty. This was further examined at a meeting of experts and jurists in Accra in January 1974 and by a ministerial meeting in Monrovia in January 1975. Finally, 15 West African countries signed the treaty for an Economic Community of West African States (Treaty of Lagos) on 28 May 1975 ([www.dfa.gov](http://www.dfa.gov)).

Countries that formed ECOWAS are Benin, Burkina Faso, and Cote d'Ivoire, Gambia, Ghana, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo. Cape Verde joined in 1997. The principal objective of this economic community was to

establishment a custom union and a common market for promoting the free movement of goods and people within West Africa. The treaty also provided for the harmonization of regional policies in several sectors including agriculture, industry, energy, transport and communications. However, progress towards improved regional economic co-operation and integration was limited, except abolition or reduction of some tariff. In 1994 Francophone members set up their own Union Economique et monetaire est-africaine (UEMOA) to work towards a custom union and other aspects of economic convergence ([www.pdexcil.org](http://www.pdexcil.org)).

Both the anglophone and francophone West African countries, were signatories to an agreement that created the Ecowas

Ecowas was founded to achieve "collective self-sufficiency" for the member states by means of economic and monetary union creating a single large trading bloc. The very slow progress towards this aim meant that the treaty was revised towards a looser collaboration ([en.wikipedia.org](http://en.wikipedia.org)).

According to the World Bank (2000), the Economic Community of West African States (ECOWAS), whose member states include those in the CEAO and the Mano River Union has made little progress towards economic co-operation. Because tariff and non-tariff barriers have not

been reduced, trade among its partners is at the level of the early 1970s- about three percent of the group's international trade. The pattern of trade has not changed. Cote d'Ivoire and Nigeria still dominate the export manufactures. On labor mobility there has been setback rather than progress, in 1981 and 1983 Nigeria expelled more one million Ghanaian guest workers. There is no movement of capital within the region because capital market remains underdeveloped.

Murphy et al (2000: 182) continue to argue that, Ecowas, too has been disappointing, but, again, for different reasons. Ecowas has not achieved its goals of trade liberalization, a custom union, monetary co-operation and free movement of labour. The main obstacles to success are problems internal to the region:

- Inadequate transport and communication system
- Low levels of industrialization
- Lack of complementarities of national economies and foreign debt.

The attributes, the argument goes, make it difficult for the sub-Saharan countries to take the risks and bear the possible cost of economic integration. The most important criteria for evaluating the merits of Ecowas is the extent to which it can assist in the reduction of underdevelopment and dependency. However the local ruling class and economic and political interest of the international capital attached to

Ecowas continues to make the region more dependent and underdeveloped.

### **2.2.3 The Economic Community of Central African States**

At a summit meeting in December 1981, the leaders of the Central African Customs and Economic Union (UDEAC) agreed in principle to form a wider economic community of Central African states. The UDEAC members, and the members of the Economic Community of the Great Lakes States (CEPGL) being Burundi, Rwanda and the then Zaire as well as Sao Tome and Principe established the Economic Community of Central African States on 18 October 1983. Angola remained an observer until 1999, when it became a full member. ECCAS began functioning in 1985, but has been inactive since 1992 because of financial difficulties (non-payment of membership fees) and the conflict in the Great Lakes area. The war in the DRC has been particularly divisive, as Rwanda and Angola fought on opposing sides ([www.dfa.gov.za](http://www.dfa.gov.za)).

It is fair to highlight the point that, in the Central Africa's sub-region economic co-operation schemes had also been disappointing. The Economic Community of Central African States, the youngest, has had difficulties getting started.

The slower progress of co-operation and integration in central Africa, it has to be noted, may reflect the absence of regional leadership.

#### **2.2.4 The East African Community**

The East African Community (EAC) is the regional intergovernmental organisation of the Republics of Kenya, Uganda and Tanzania, with its Headquarters located in Arusha, Tanzania. The East African Heads of State signed the Treaty for the Establishment of the East African Community in Arusha on 30th November 1999.

The East African Community operates on the basis of a five-year Development Strategy. The Strategy document spells out the policy guidelines, priority programs and implementation schedules. The EAC strategy emphasises economic co-operation and development with a strong focus on the social dimension. The role of the private sector and civil society is considered as central and crucial to the regional integration and development in a veritable partnership with the public sector ([www.eac.int](http://www.eac.int)).

The regional co-operation and integration envisaged in the EAC is broad based, covering trade, investments and industrial development; monetary and fiscal affairs; infrastructure and services; human resources, science

and technology; agriculture and food security; environment and natural resources management; tourism and wildlife management; and health, social and cultural activities.

Other areas of co-operation include free movement of factors of production; and co-operation in political matters, including defence, security, foreign affairs and legal matters ([www.eac.int](http://www.eac.int)). The difficulties encountered by this most promising economic community, the East African Community, demonstrates how the inability to solve political differences can compound the economic problems inherent in any economic integration involving countries at different levels of development.

### **2.2.5 The Southern African Development Community**

SADC started first as the Southern African Development Coordination Conference in 1979. Since then nine Southern African countries including Angola, Tanzania, Mozambique, Botswana, Lesotho, Swaziland, Zambia, Zimbabwe and Malawi established (April 1980) a regional grouping called Southern Africa Development Coordination Conference (SADCC) following the adoption of Lusaka declaration- Southern Africa Towards Economic Liberation.

Murphy et al (1999:184) argue that the origin of SADCC can be traced to the alliance of the Front-Line states of Angola, Botswana, Mozambique, Tanzania and Zambia, which had been formed in 1974 and had co-operated in rendering diplomatic and material support to the liberation movements, particularly Zimbabwe. Now they were coming together to strive towards their own economic liberation. The initiative towards economic liberation has followed the experience of joint action for political liberation. The first objective that SADCC espoused was-

- The reduction of dependence, particularly, but not only on South Africa. The economic supremacy of the apartheid regime in the sub-Saharan region was well known, as was the strong link between most of the region's countries and South Africa. At the launching of SADCC it was stated: dignity and welfare of the people of Southern Africa demand economic liberation and shall struggle towards that goal.
- The second objective was the forging of links to create a genuine and equitable regional integration.
- The third was to the mobilization of resources to promote the implementation of national, interstate and regional policies.

- The fourth was the concerted action to secure international co-operation within the framework of the strategy for economic liberation (Murphy et al, 1999: 178).

The grouping (SADCC) was replaced by SADC through a declaration and treaty signed at the Summit of heads of states and governments of the involved countries on August 17, 1992 in Windhoek, Namibia. Since then four more regional countries joined SADC including South Africa (1994), Mauritius (1995), DRC (1997) and Seychelles, bringing the total membership of the community to fourteen.

The broad objectives of SADC are to boost Southern Africa's general economic independence, promoting regional integration and trade and mobilizing support for regional projects ([www.pdexcil.org](http://www.pdexcil.org)). Murphy et al (2000:183), continue to argue that SADC approach to regional integration, which, unlike that of Ecowas, emphasises sectoral co-ordination and the primacy of national decision making, may have a salutary effect on the generation of workable development projects funds from a broad, and, ultimately, the success of the organisation. A similar assessment states that, SADC offers an alternative approach to regionalism, one which is better grounded in the realities of the sub-Saharan region situation, and which draws on the past experience of failed regional schemes.

The big question is how the organisation relates to underdevelopment. As a result, the massive funding that SADC has received from the International system becomes a point of concern. Apart from increasing possibility of donor manipulation, the situation is perceived as imposing a pattern of investment and trade that will continue to limit the potential of these countries for independent development by locking them into the role producer of raw material for Europe.

It has to be noted that, the SADC region is one of the wealthiest in the world, with an estimated population of 199 millions. The vast resources of the region include oil, gold, diamonds, platinum, silver, coal and uranium. The ability of SADC member states to develop the region to its full potential only became a reality in 1994, when South Africa was transformed from a white-settler apartheid military state into a non-racial democracy (Lee, 2003:44).

Moreover SADC has avoided the economic integration approach followed by other regions and has instead, adopted incremental, project orientated, regional cooperation. SADC's success as a regional cooperation organization is partly due to its focus on actions rather than building an elaborate secretariat; governments take responsibility for sectoral programs allocated to them. Its programs aim to reduce economic

dependence on South Africa, and this has led to large transportation and regional industrial projects with immediate benefits to member states (World Bank 2000).

Moreover, it has to be noted that the success of SADC as a viable regional grouping depends on its ability to impact significantly on its people. There is, however, a challenge to this effect as most of these countries are at different levels of development. Also the effect of external shocks within individual countries is profound different. The need for economic integration is seen as a better strategy for enhanced stability in the region. If the economic benefits for integration are perceived to be non-existent or to be distributed unequally, there will be no political commitment to integration (Sunday Times, 2005-03-13).

Shaw (1994:210) on the other hand, poses the question that; will the lofty expectations of these regional political-economic groups be realized? Political will and shared visions have proven in the past to be indispensable elements in successful regional trade regimes. Economic complementarity is another essential component, as the goal to simulate greater trade among the members of the free-trade area, not simply between it and others. If one or more members export products that each of the others wants, the chances of the regimes success are greater, if on

natural community body, as is required for economic integration. Other difficulties arise from lack of good transportation and communication among member nations, the great distance that often separates members, and the basically complementary nature of their economies and competition for the same world for their agricultural exports. For these reasons, economic integration among developing sub-Saharan countries cannot be said to have been successful in most cases (Savatore, 1999:314).

According to Gleave (1992:279) the difficulties are many. As already noted, neighboring countries have long had little reason to trade with each other. And as for new goods which might be produced in a region, who is to arrange who produces what? Tariff reductions are difficult for countries with weak balance of payments. There is also the problem of gains and losses among the participating countries: should the richer countries pay larger contributions than the poorer members? Should the poorer members have to open their markets to the industries of the more prosperous states? Again, differences in languages, currencies, existing trading ties and cultural traditions can so easily frustrate successful integration. And finally the existing transport infrastructure rarely provides any solid basis for such integration.

But it is perhaps at the political level where the above raised questions have to be tackled or otherwise the kind of integration demanded seems most likely to fail. It is perhaps a central paradox that while a major motivation for creating regional economic integration in sub-Saharan Africa is overtly political- to counter neo-colonial or imperialist penetration of the sub continent through existing international trading system- such integration seems unlikely to succeed out of fear among economically weak or small states of being exploited or colonized by stronger or larger members of any economic grouping (Gleave, 1992:280).

Political immaturity and internal disunity have frustrated attempts at national integration let alone supra-national co-operation. Furthermore, geographic contiguity has proved an inadequate reason in itself for co-operation. Ideological differences between adjacent states have created problems of maintaining a semblance of unity while even in the case of states with similar ideological national interest have frequently intervened. The difficulties faced by the East African Community and more recently SADC provide apt illustrations.

In West Africa major feature acting against economic co-operation since independence has been the political and cultural division, and with it the

political economic competition between states. However there have been numerous attempts to address the above problem. Among the most significant is Economic Community of West Africa, representing as it does major attempts to re-establish the historic, ethnic and cultural links that underlie Anglophone and Francophone West Africa. Regional obstacles to integration arise through ideological differences between states including a tendency among the better off to encourage overseas investors (Bell, 1997).

According to The Star (2005-03-16), regional integration is a step towards integration into the world economy and towards building larger markets and attracting investment. However it has to be noted that, progress towards market integration and increased cooperation in a whole range of areas like economic, technical, environmental, food security, education and research is central to sub-Saharan Africa's long-term development strategy. To this end, firm leadership is needed to overcome parochial and entrenched interests and to ensure that benefits are shared equitably. For success sub-Saharan Africa has to move forward on a step by step basis, nurturing new industries investment that are not clearly justified by a hardhead analysis of market prospect.

According to World Bank (1996:183) regional integration for sustained development is important in sub-Saharan Africa. However, policy reforms, and social and physical infrastructure building cannot be accomplished without funding, much of which will have to come from donors. Some donor policies will have to be reorientated from country assistance to regional assistance. Already there are innovative proposals to provide funds for harmonized policy reforms in a regional grouping of countries.

## CHAPTER THREE

### MULTI-LATERAL INSTITUTIONS THAT ARE INVOLVED IN DEVELOPMENT AID OF SUB-SAHARAN AFRICA.

Development assistance to sub-Saharan African countries after independence started mainly as a historical continuation between new states and their former colonial masters. Then political and humanitarian aid joined with military aid as well, contributing to development efforts by these new countries, but development assistance in the 1990s was facing serious problems. "Aid fatigue" has appeared in many highly industrialised countries reflecting the economic difficulties that these countries are facing, such as the high unemployment rate among young citizens. Development assistance decreased as a result (Ishikawe, 1999:33-34).

Many sub-Saharan countries are trying to achieve economic development through economic aid. Their success in achieving the economic development lies also on the changing of their foreign economic policy. According to Mwakikagile (1999:2) since independence, most of the African countries including sub-Saharan countries tried to meet development through foreign aid, which they have depended on for

decades to achieve economic development. Yet even themselves, as well as the foreign donors, have through the decades neglected the development of rural areas, resulting in huge urban problems across sub-Saharan Africa.

In the words of Todaro (2000:591), aid is, therefore, any flow of capital to less developed countries that meet two types of criteria-

- Its objective should be noncommercial from the point of view of the donor
- It should be characterised by concessional terms, that is, the interest rate and repayments period for borrowed capital should be softer (less stringent) than commercial terms.

In sub-Saharan Africa, however, this definition can be inappropriate, for it could include military aid, which is both noncommercial and concessional. The concept of foreign aid that is now widely used and accepted, therefore, is one that encompasses all official grants and concessional loans.

Developmental aid comes in a variety of forms and is used for a variety of purposes. Some aid consists of outright grants of money, some of loans at concession rates, and some of shared technical expertise. Although most foreign aid is bilateral- meaning the money flows directly from one

country to another- an increasing portion is now channelled through international institutions such as the World Bank, and hence is known as “multilateral aid”. The purposes of aid are as varied as its forms. Security objectives are typically pursued through military assistance of one kind or another, but economic aid is also used for these purposes.

On the other hand (Blake and Waters, 1998:146) emphasise that over the past fifteen years, aid disbursed to less developed countries through multilateral institutions has grown more rapidly than have bilateral aid programs. Multilateral aid presently comprises one-fourth of total Western economic assistance.

Gleave (1992:13) argues that while development planning has become more sophisticated, it is not unusual in sub-Saharan Africa for implementation to fall far short of expectations for this state of affairs. These include administrative incapacity, the lack of commitment on the part of governments, unintended and unforeseen consequences of policies and the influence of the external world, particularly the industrialised countries. The role of aid agencies has also been significant. They assist with development planning at all levels by providing expatriate personnel. They influence implementation by selectively funding projects and providing technical assistance for their implementation, while the

International Monetary Fund can have significant influence on policies by setting conditions for the granting of restructuring loans.

Bavlis et al (2001:278) utters that almost all the multi-lateral institutions involved in the developmental aid to sub-Saharan Africa have their roots in the planning for a new economic order that took place during the last phase of the Second World War. In 1944, policy makers gathered at Bretton Woods in the United States to consider how to resolve two very serious problems.

- First, they needed to ensure that the Great depression of the 1930's would not happen again. In other words, they had to find ways to ensure a stable global monetary system and an open world trading system.
- Second, they needed to rebuild the war-torn economies of Europe.

At Bretton Woods three institutions were planned in order to promote a new world economic order. The International Monetary Fund was created to ensure a stable exchange rate regime and the provision of emergency assistance to countries facing a temporary crisis in their balance of payments regime. The international Bank for Reconstruction and Development was created to facilitate private investment and reconstruction. The Bank was also charged with assisting development in

other countries, a mandate that later became the main reason for existence. Finally, the General Agreement on Trade and Tariffs (GATT) was signed in 1974 and became a forum for negotiations on trade liberalization (Baylis et al, 2001:278).

Williams (1994:22) continues by arguing that the International Monetary Fund, General Agreement on Trade and Tariffs which later become World Trade Organisation and International Bank for Reconstruction and Development colloquially known as the World Bank have had a profound effect on the nature and shape of the global political economy. The reason for their establishment went hand in hand with the commitment of the United States to uphold the stability and coherence of the world capital system and to ensure development. Today the International Monetary Fund and the World Bank are important, if not controversial, players in the monetary and financial systems. Their primary objectives or missions are to promote development and serve as “lenders of last resort” (Kegley, 1999:224).

This chapter shall go on to consider in some detail the origin of the above-mentioned three multilateral institutions, how they have been involved in providing developmental aid to sub-Saharan Africa, and how

they have been criticised for failing to achieve their developmental objectives in sub-Saharan Africa.

### **3.1 The International Monetary Fund and its Origin**

Baylis et al (2001:279) argue that the International Monetary Fund was created to promote international monetary co-operation and resolve the interwar economic problems, although several of these functions ended when the Bretton Woods system broke down in 1971. The International Monetary Fund now has a membership of 183 countries each of whom contributes a quota of resources to the organisation which also determines their percentage of voting rights and the amount of resources to which they can have automatic access. Since the 1980's the International Monetary Fund has become an institution offering financial and technical assistance to developing and transition economies. The terms on which countries receive assistance include the government having to commit to undertake specific conditions or policy reform called conditionality.

Heywood (2002:152) emphasise that the International Monetary Fund was set up to oversee the global rules governing money in general and in particular, maintain currency stability through a system of fixed exchange rates.

### **3.1.1 The role of International Monetary Fund in sub-Saharan Africa's Development.**

According to Blake and Waters (1998:60) the International Monetary Fund provides loans to most of sub-Saharan countries and on the other hand ties them over temporary balance of payment deficit problems. These loans provide an alternative to sub-Saharan states imposing draconic internal and external adjustment measures that would descript their domestic economies, raise barriers to international trade, and invite retaliation by injured foreign economic interests for sub-Saharan states with structural rather than temporary payments problems.

The International Monetary Fund makes loans conditional upon the borrowers undertaking internal adjustment measures appropriate to restore it to balance of payments equilibrium. These loans help to soften the impact of deflationary policies typically required in such circumstances, and at the same time are meant to enable the state to retain liberal foreign economic policy.

Heywood (2002:152) highlights that, the International Monetary Fund oversees the global rules governing money in general and, in particular, maintaining currency stability through a system of fixed exchange rates.

Since 1971, the International Monetary Fund has embraced a neoliberal economic model, and requires the sub-Saharan countries to carry out stringent market based reforms as a condition for receiving assistance. The International Monetary Fund has grown from its original 29 members to 182 members. Kegley (1999:224-5) continues to elaborate that the IMF help sub-Saharan states maintain equilibrium in their balance of payments and stability in their exchange rates with one another.

Today, according to Viotti and Kaupi (2001:372) the International Monetary Fund makes advances of hard currencies that can readily be exchanged for whatever currency may be needed to finance transaction. As the International Monetary Fund itself likes to say, it operates in much the same way as a credit union by offering sub-Saharan member states a variety of different kinds of loans and other mechanisms to meet their financial need. If countries did not have such a source of short-term finance for balancing their payments, they likely would be forced to impose exchange controls, severely limiting the amount of domestic currency used to acquire foreign currencies, thus restricting purchases from abroad and advancing international commerce.

Yes, the International Monetary Fund's approach to sub-Saharan countries has been widely criticised as being insufficiently orientated

towards the economic development of the region. Criticisms have been pointed at the programs that the institution has implemented as part of their lending agreements. Van der Hoeven and Van der Kraaij (1994:253) emphasise that, the IMF finances stabilisation programmes by means of:

- Stand-by Arrangements
- The Structural Adjustment Facility (SAF) and
- The Enhanced Structural Adjustment Facility.

Stand-by arrangements provide recipient sub-Saharan Africa countries with foreign exchange to deal with short-term balance of payments problems. These arrangements do not therefore exclusively for the purpose of stabilisation. Reimbursement to the International Monetary Fund takes place within a period of three to five years. However, a disadvantage attached to the stand-by-arrangements, the interest rate, continued to apply. This led to the creation of structural adjustment facility and the enhanced structural adjustment facility, both of which provide for concessional financial aid.

The International Monetary Fund's development assistance to sub-Saharan Africa under the terms of the structural adjustment programmes requires an agreement between itself and the recipient country that is laid down in a policy framework paper.

Moreover, Van der Hoeven et al (1994:254) continue to argue that, structural adjustment facility in sub-Saharan Africa was introduced in 1986 when six countries benefited from this arrangement (Burundi, Gambia, Mauritania, Niger, Senegal and Sierra Leone). Since then a total of some 30 countries have benefited from structural adjustment facility, the most recipient being Burkina Faso (1991), Rwanda (1991), Comoros (1991), Ethiopia (1992), and Zimbabwe (1992). However, a considerable number of sub-Saharan countries discontinued International Monetary Fund aid after one or two years. The enhancement structural adjustment facility, which was first introduced in 1988, has been granted to 18 countries, Malawi being the only country to apply successfully in four consecutive years.

It appears, especially from the above discussion that the central purpose of the International Monetary Fund was to promote exchange rate stability, by facilitating payments relating to trade, aid, and private investment.

### **3.2 The World Bank and its Origins**

The World Bank started as an agency to foster reconstruction in war torn Europe as well as development in the rest of the world. It has since become the world's largest source of development assistance, providing nearly \$16 billion in loans annually to eligible member countries. The World Bank requires members to whom it lends, to undertake specific reforms within their economy. With the exception of the International Development Association, the World Bank 's resources come from its issue of bonds in the capital markets. The bonds are backed up by guarantees provided by the governments who belong to the institutions (Baylis, 2001:279).

The World Bank was actually designed to reduce the element of risk in foreign lending, thereby underpinning economic stability. Since the 1980s the Bank has geared its lending to "structural adjustment" the reorientation of economies around market principles and their integration into the global economy.

### **3.2.1 The World Bank Policy Objectives**

Gordon and Gordon (1992:114) highlight that the World Bank supported by bilateral and multilateral foreign aid donors, stresses that the solution to sub-Saharan Africa's economic problems must be solved by structural adjustment policies prior to negotiations for various forms of debt relief and before provision of increased loan support. The main policy objective of World Bank structural adjustment programs include the following:

- Reduction in the size of the public sector improvements in its management
- Eliminating of price distortion in various sectors of the economy
- Increased trade liberalisation
- Promotion of domestic savings in the private and public sectors

To achieve the above policy objectives, the World Bank's main policy instruments were:

- Exchange rate adjustment, especially devaluation
- Interest rate policies to encourage domestic savings and achieve appropriate allocation of resources

- Control money supply and credit
- Fiscal policies to reduce government expenditure and deficit financing
- Trade and payment liberalisation
- Deregulation of the prices of goods, services and factor inputs.

### **3.2.2 The World Bank and its Role in sub-Saharan Africa's Development**

Viotti et al (2001:372) allude that the World Bank has been the conventional source of multilateral aid to most of the developing sub-Saharan African countries. The World Bank engages in extensive lending at concessional below-market rates to capital poor countries in sub-Saharan Africa through its affiliates. The World Bank's capital comes from contributions- a multilateral form of foreign assistance by capital rich member countries that want to use this institutions as a vehicle to less developed countries. The Bank, according Baylis et al (2001:282) has become a development agency making loans to developing sub-Saharan countries.

The World Bank is today the largest source of multilateral developmental aid to sub-Saharan countries. As the largest source of aid, the Bank now

disburses economic assistance each year. Even if multilateral aid disbursement are conditioned upon specific policy change by recipient sub-Saharan countries, it is easier for developing states to accept these conditions from World Bank than to accept it from another sub-Saharan state (Blake et al (1998:147). The Bank's main purpose is to make loans for productive reconstruction and development projects in sub-Saharan Africa.

According to Mansell and Wehn (1998), the World Bank provides a variety of resources and services to the economic sector of sub-Saharan Africa, including loans, expert advice, and access to its new information for development program. In return for its loans and services, the Bank negotiates economic and institutional conditions that must be met by the borrowing government. The World Bank, for example, is sponsoring initiatives to ease developing sub-Saharan countries towards, transition "knowledge" societies.

It is important to argue that the World Bank helps the development of economy primarily through strategic advisory services. The Bank also offers financial products and guarantees of lenders of last resort. The Bank maintains experimental portfolios of projects to find new ways to accelerate economic development with information systems. Talero and

Gaudette (1996:2) argue that, however, the World Bank will continue offering financial products such as loans, credits, investments and guarantees when country and project circumstances so require and usually in the context of a national strategy or out in partnerships with other multinational institutions, the private sector, NGOs and governments.

### **3.3 The General Agreement on Trade and Tariffs/ World Trade**

#### **Organisation and its Origin.**

The General Agreement on Trade and Tariffs was an interim agreement signed in 1947 in the expectation that it would be superseded by an international trade organisation. A permanent trade organisation was not created until 1995, and so for four decades the interim General Agreement on Trade and Tariffs continued to exist as an arrangement among contracting parties backed up by a very small secretariat based in Geneva and a muscular budget. In essence the General Agreement on Trade and Tariffs was a forum of trade negotiations. According to the words of Boeringer (1996) the World Trade Organization's predecessor, the General Agreement on Trade and Tariffs, was signed in 1947. The World Trade Organization has 132 members and is responsible for administering the world trade agreements like the General Agreement on

Trade and Services (GATS), which provides, among other things, schedules on specific commitments such as trade. It offers a forum for trade negotiations and handles trade negotiations and disputes. It monitors national trade policies and provides technical development assistance and training for developing countries like those in sub-Saharan Africa.

The General Agreement on Trade and Services emerged out of discussions that had been held over a number of years in the Uruguay Round. The Uruguay Round established the World Trade Organization as the “custodian of the multilateral trade system which features three councils (goods, services and intellectual property rights and dispute settlement body).

### **3.3.1 The Role of GATT/WTO in sub-Saharan Africa’s Development**

The General Agreement on Trade and Tariffs functioned as a forum for disputes settlement; however, it was both slow and impotent in this regard, constrained by the need for consensus on any decision regarding disputes. The General Agreement on Trade and Tariffs was replaced by the World Trade Organisation as result of agreements forged in the last round of General Agreement on Trade and Tariffs talks. The World Trade Organization’s functions include: administering World Trade agreements,

forum for trade negotiations, handling trade disputes, monitoring national trade policies, technical assistance and training for developing countries, cooperation with other international organizations (Baylis, 2001:281).

The General Agreement on Trade and Tariffs/World Trade Organization, as the third “leg” in the Bretton Woods system, has a duty to free global trade. Initially it was seen as an interim agreement that would lead to the establishment of the International Trade Organisation (ITO). The principles on which the World Trade Organisation operates are still the same as those of the General Agreement on Trade and Tariffs, which is to promote free trade in the international system in sub-Saharan Africa. How fair the free trade principles are in the sub-Saharan Africa remains an area of dispute, specifically with regard to the position of the developing countries in the global economy (Nel et al, 1991:36-7). With 140 members by 2000 and a further 30 applying to join, the World Trade Organisation’s mission is to liberalise world trade and create an open global trading system (Heywood 2002: 152).

Rourke (2003:473) alludes that the World Trade Organisation has the power to enforce the provisions of the General Agreement on Trade and Tariffs and to assess trade penalties against sub-Saharan countries that violate the accord. While any sub-Saharan African member country can

withdraw from the World Trade Organization by giving six months notice, that country would suffer significant economic perils because its products would no longer be subject to the reciprocal low tariffs. The other advantage is that World Trade Organisation members accord one another. When one country charges another with a trade violation, a three-judge panel under World Trade Organisation hears the complaints.

The World Trade Organization (WTO) is the only global international organisation dealing with the rules of trade between nations. At its heart are the World Trade Organisation agreements, negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments. The goal is to help producers of goods and services, exporters, and importers to conduct their business.

Joseph and Drahos (1996) continue to argue that General Agreement on Trade and Tariffs requires all signatory' states to recognize certain general principles such as the Most Favoured Nation Principles and National Transparency Principle. The MNF principle states that all World Trade Organization members are bound by their general GATT commitment not to discriminate against any World Trade Organisation member, that is a country must treat each trade partner as it would with its most favoured trade partner. The National Principle of Transparency

requires foreign suppliers to be granted treatment “no less favourable” than that accorded to domestic service providers. Transparency provisions require member countries to publish all relevant measures of general application affecting trade in services.

It is important to emphasise that the World Trade Organisation has emerged as a key organ of the governance and management of the globalising world economy. Its establishment as a forum for continuous negotiations on an expanding range of trade and trade-related issues is imposing new and challenging demands of sub-Saharan African countries with respect to various dimensions of participation. In spite of the increasing importance of the World Trade Organisation and its process for the trade and overall development prospects of sub-Saharan African countries, the World Trade Organization remains a multilateral institution in which sub-Saharan African voice is, perhaps, least heard.

### **3.4 Criticism of Multilateral Institutions Involved in the**

#### **Developmental Aid in sub-Saharan Africa.**

Aid has come to sub-Saharan Africa for the purpose of development. Multilateral institutions used aid to advance their values, their commercial interests, their cultural aspiration, and their diplomatic and

political objectives in sub-Saharan Africa. Aid flows reflect political pressures from groups in donor countries and bureaucratic imperatives from within their aid agencies, including pressures to spend all available funds within set budget circles. Sub-Saharan countries have been among the world's largest recipients of aid. Many receive net official development assistance equal to 10 percent of the gross annual products.

According to Alemayeh (2000:62), multilateral institutions have been criticised for not addressing the fundamental issues, failing to account for the root causes of the particular economic countries (focusing mainly on government failures) in individual countries, prescribing the same or similar medicine to all economic ills, rendering assistance too late and neglecting long-term perspectives in sub-Saharan Africa.

Multilateral institutions have never been designed to facilitate the development of the poor countries in sub-Saharan Africa. They use aid as a way to ensure the subordination of states in the periphery to Western developed countries. Multilateral institutions are essential to the efforts of rich states to subordinate and exploit less developed sub-Saharan states.

Rourke (2003:477) argues that the International Monetary Fund imposes unfair and unwise conditions to sub-Saharan countries that use its

financial resources. Most of the loans granted by the International Monetary Fund to sub-Saharan countries are subject to conditionality. This refers to requirements that borrowing countries take steps to remedy the situations that, according to the International Monetary Fund, have caused the recipient's financial problems therefore leading to underdevelopment. The International Monetary Fund's conditions press sub-Saharan countries to move toward a capitalist economy by such steps as privatising state-run enterprise, reducing barriers to trade and to the flow of capital in order to cut government budget deficits, ending domestic subsidies or law that articulate suppress prices, and devaluing currencies.

Critics in sub-Saharan countries charge the multilateral institutions with the following:

- Multilateral institutions violate sovereignty by interfering in the recipient's policymaking process
- Conditionalities, intentionally or unintentionally maintains the dependency relation between the borrowing country and the borrower. This dependent relationship makes it impossible for sub-Saharan countries to develop on their own

- These institutions harm economies in the region rather than help them by requiring “cookbook” plans of fiscal austerity and other stringent conditions and by not sufficiently tailoring plans to the circumstances of individual countries.
- Critics charge that while a stable government is a key factor during times of financial trouble, the reforms that the multilateral institutions demands are often so politically difficult to institute that they undermine the very government that these institutions need to work with and that need to remain viable in order to deal with the crisis.
- Yet another criticism aimed at the multilateral institutions contend that they pushes countries to adopt fiscal reforms that strengthen the economic elite of the recipient sub-Saharan countries while ignoring the welfare of workers and others (Rourke, 2003:478-479).

Baylis et al (2001:282) state that World Trade Organisation has been criticised for being an undemocratic organisation that represents the interest of the global co- operations. It has consistently ruled against governments that pass legislation that impede the free flow of goods, services and capital. An open decision making process has been called

and political leaders must pressurise the official who govern the global economic institutions like World Trade Organisation.

Furthermore the agencies that make up the World Bank group do a great deal of good, but they have also been subject to considerable criticism and controversy. One point of criticism involves the North's domination of the South and United States of America being the runner of the World Bank.

Secondly the World Bank provides too little funding. Figures such as \$23.2 billion in total World Bank commitments to or guarantees of projects in 2001 sound impressive. But they are less so in light of the fact that lending has declined somewhat. The World Bank is caught between the North's concentration on "businesslike", interest-bearing loans and the South's demands that more loans be unconditionally granted to the poorest sub-Saharan African countries at low rates or with no interest (Rourke, 2003:481-2).

The Bretton Woods Institutions, particularly the International Monetary Fund, did not arrive on the scene of developmental to solve a problems created in sub-Saharan Africa, but they had been part of the process leading to it. Their type of adjustment did not prevent the debt crisis.

Naturally, this would be at odds with the claim that debtors themselves "own" programmes only "supported" by multilateral institutions. The issue of "ownership" is another peculiar feature of these multilateral institutions. Depending on occasions and audiences, these institutions either claim to be only supporting a country's own programme or to make a country adopt "sensible" policies - one but not the only clear logical inconsistency ([www.jahrbuch2002.studien](http://www.jahrbuch2002.studien)).

The World Bank policy has not evolved without criticism from some economic sectors of sub-Saharan Africa. According to Nules and van Audenhove (1999:33) critics hold that against the World Bank that five decades of development aid has not had desired effect. Chossoudovsky (1994 in Nules and van Audenhove 1996) argues that the World Bank puts the interests of powerful financial groups first and that because countries have debts, they can be forced to adjust their macro-economic policy to the conditions of international lenders. One of these conditions is the privatization of public enterprises.

While the World Bank often states that lending is based on a commitment to policy change, it seldom ties lending to policy improvements. This lends credibility to charges that the Bank is more interested in processing loans than being a tough advocate of policies that would contribute to

economic growth. This situation serves the bureaucratic impulses of the Bank and the vested interests in recipient sub-Saharan countries that profit from anti-market policies, but it clearly does not serve the interests of the people in poor nations ([www.heritage.org](http://www.heritage.org)).

The World Bank and the International Monetary Fund are the focus of radical critiques of multilateral aid. These two impose stringent conditions on sub-Saharan countries, conditions that open the door for their penetration by trade and investment of rich states. Less developed countries not willing to conform to International Monetary Fund and the World Bank suggestions find themselves denied not only loans from these institutions but also credit through private channels or bilateral aid programs. These and other multilateral aid agencies, thus, are merely a subtle and more effective means of attaching poor states to the international imperialist system than is the cruder device of explicit political control (Blake et al, 1998:148-9).

Moreover, the operations of the World Trade Organisation have also been criticized from various quarters. For example, Van der Stichelle (1997:3-4) argues that the World Trade Organisation pact contributes to unequal competition that leads to marginalisation of the developing sub-Saharan countries. Van der Stichelle believes that the highly complex and non-

transparent competition has been established involving participation in product and information networks, meeting high products standards, sophisticated marketing, research and development. Bello (2002:118) adds by saying that, multilateral institutions are not known for being democratic. The implication made by Van der Stichelle is that some, if not most, developing sub-Saharan countries do not have these requirements in order to compete with developed countries.

Despite criticism, aid has had many successes in sub-Saharan Africa. Without increased balance of payments support in the 1980's it is hard to imagine how sub-Saharan Africa would have coped with huge terms of trade losses. In many postwar sub-Saharan African countries, generous aid has underpinned political reconciliation. Aid has also helped sustain essential reforms, including trade liberalisation, that have adverse short-run effects on fiscal revenues. And donors, including international financial institutions, have been crucial for building capacity in certain institutions, notably the World Bank and ministries of finances (The World Bank, 2000:238).

However, it is important to highlight the fact that, multilateral institutions play a pivotal role in shaping the future of sub-Saharan Africa. After four decades of involvement in sub-Saharan Africa's economic development,

the records is, however, rather bleak. But their ill-fated development strategy has been compounded by the shortcomings of most of the sub-Saharan African political leaders. Total disregard for the law and the plight of the poor, corruption, unaccountability and the violation of the rights of their citizens have been the trademark of their leadership. They inflicted an incommensurable amount of suffering of their people in a gruesome pursuit of power and wealth (sanou.mbaye.free/fr).

## CHAPTER FOUR

### THE CHALLENGES POSED TO SUB-SAHARAN AFRICA'S DEVELOPMENT BY THE INTERNATIONAL SYSTEM

According to Frieden and Lake (1995:154) in their economic relationship with international system, sub-Saharan countries would seem to have the critical advantages, inasmuch as they control access to their own territory. That access includes internal markets, the local labour supplies, investment opportunities, sources of raw materials, and other resources that multinational firms need or desire. In practical terms, however, this apparent bargaining advantage on the part of the host nation, in most instances, is greatly surpassed by the superior advantages of multinationals.

Nel et al (1999:92) on the other hand view the international system as comprising a range of actors-nation states, international corporations and transnational social movements. Each is capable of independent decisions and behaviour that can affect policymaking, political stability and trade. In its primary settings-an association of national states-the international system is asymmetrical in that it consists of powerful states and weak

ones. This system gives licences to international companies, many of which are very often richer and potentially more powerful than states.

The hierarchical structure of the international system, perhaps more than anything else, helps to set the agendas and determine the outcomes. This is why; weak sub-Saharan governments are often compelled to trade off certain amounts of political autonomy for the sake of their national security or their economic survival.

The international system, it has to be noted, possesses the required capital, technology, managerial skills, access to world markets, and other resources that governments in sub-Saharan Africa need or wish to obtain for purposes of economic development.

In addition to firm specific access - technology, managerial skills, capital, and access to markets- the economic power of the international system grows out of a combination of additional factors.

- First, foreign investment accounts for large percentages of the total stock of local investment, local production and sales.
- Secondly, international system tends to dominate key sectors of the economy that are critical to the host states' economic development.

- Thirdly, the international system usually prevails in the highly concentrated industries in sub-Saharan African petroleum, aluminium, chemicals, transport, food products and machinery.

This economic concentration in single industries gives the international system oligopoly power, allowing them to monopolise and control their development (Frieden et al, 1995:154)

According to Todaro (2000:61), for many less developed sub-Saharan countries, a final significant factor contributing to the persistence of low levels of living, rising unemployment, and growing income inequality is the highly unequal distribution of economic and political power between rich and poor nations. These unequal strengths are manifested not only in the dominant power of rich nations to control the pattern of international trade but also in their ability often to dictate the terms whereby technology, foreign aid, and private capital are transferred to developing countries. Other equally important aspects of the international transfer process can serve to inhibit the development of poor nations. One subtle but nonetheless significant factor has been the transfer of international system's values, attitudes, institutions and standards of behaviour to sub-Saharan Africa countries.

Of even greater potential significance may be the influence of international system's social and economic standards on developing sub-Saharan African countries' salary scales, elite lifestyle and general attitudes toward the private accumulation of wealth. Whether there are market-friendly policies or extensive government intervention, such attitudes can often lead to corruption and economic plunder by a privileged minority. Finally, the penetration of the international system attitudes, values and standards also contribute to a problem widely recognised and referred to as the international brain drain- the migration of professionals from less developed sub-Saharan countries to rich countries (Todaro, 2000:61).

Todaro (2000:62) continues to argue that the net effects of all these factors is to create a situation of vulnerability among sub-Saharan African nations in which forces largely outside their control can have decisive and dominating influences on their economic and social well-being. Many sub-Saharan countries are small, and their economies are dependent, with very little prospect for self-reliance. Their withdrawal from the world economy is virtually impossible. For developing sub-Saharan countries that possess greater assets and relatively more bargaining power, the phenomenon of dominance becomes manifested more in the general

tendency of the international system to get richer, often at the expense of the poor sub-Saharan countries.

Developing sub-Saharan African states continue to encounter a number of particular serious challenges in their attempts to interact with and adapt to the international system. In this chapter an attempt will be made to discuss challenges posed to sub-Saharan Africa's development by the international system. Yet the challenges facing sub-Saharan countries are many, but this chapter will only concern itself with globalisation, economic policy and democratisation as the main challenges.

#### **4.1 Globalisation**

Globalisation is a complex and dynamic process and has been analysed from various perspectives. These include the economic, political and socio-cultural dimensions. As it has been noted, "globalisation is a process integrating not just the economy, but culture, technology and governance". But the basic and of course underlying element of it is the economic dimension.

The concept of globalisation ordinarily suggests a shift in the spatial form and extent of human organisation and interaction to a transnational or

inter-regional level. It is conceived as a compression of time-space relations in which there are transnational networks involving world factories, labour flows, lending facilities, communications, new knowledge, information technologies, and cultural norms bridging the boundedness of territorial state with increasing rapidity. Economic globalisation therefore denotes the widening and intensification of international linkages and interactions in trade, investments and economic policy orientation in the World. It connotes the internationalisation of production, capital, and marketing in which the world is integrated into a “global factory”, “global money market”, and “global shopping centre” ([www.dpmf.org](http://www.dpmf.org)).

#### **4.1.1 Globalisation and sub-Saharan Africa’s Development**

In the words of Jomo and Shyamala, (2001:XVII), like proverbial elephant and the blind man, both development and globalisation mean different things to different people. While there is no consensus, development is usually invoked in reference to economic growth, structural change and improved living standards, often the term carries, a certain normative connotation implying human progress, lacking in the use of the term “growth” for example. However, it has to be noted that

globalisation refers primarily to the accelerated increase in international economic relations in the recent period, usually associated with greater economic liberalisation, both internationally as well as within national economies, from the 1980s.

Boyce (2004:597-8) on the other hand highlights that; globalisation is and will continue to reduce the ability of sub-Saharan Africa countries to regulate their economies. This is especially true in small and poor states. Smuggling of both legal and illegal goods has risen sharply. In some sub-Saharan countries it is estimated that about half of all international trade consist of smuggled goods. Globalisation has also made it easier for individuals and corporations to transfer funds from one country to another and has reduced the ability of the sub-Saharan African countries to control capital movement.

Moreover, it is important to note that; globalisation especially to the development of sub-Saharan Africa has created tremendous forces that cause migration, both voluntary and involuntary. With the exception of a few countries such as South Africa, the majority of sub-Saharan Africa countries have not been able to manage globalisation successfully. Regional trading blocs are being formed as a logical response to the requirements of globalisation. However, globalisation fosters techno-

social rupture, enhances socio-economic entrapment (Oguntade, 2003:20).

The fact that globalisation is subordinating sub-Saharan African countries remain to be noted. Oguntade (2003:22) continues to emphasise that, globalisation subordinate sub-Saharan African countries to the money markets, leading an attack on democracy. It will lead to the possession of boundless powers by the transnational economy and multinational corporations. It sets up fierce global competition, and that on the labour market invariably results in companies in the developed and rich countries being able to create new jobs only poorer sub-Saharan countries.

It is also right to further argue that, a more open global economy has also increased the viability of small sub-Saharan African countries, increased opportunities for specialisation and reduced the importance of economies of scale in small states. This, in turn, has political implications. In sub-Saharan Africa globalisation has enabled and probably encouraged smaller political units to emerge, and larger states to split in to two or more. Thus the nature, the role and strength of sub-Saharan African states are likely to continue to change in response to globalisation. Sovereignty will decline. This does not mean that the territorial state will disappear or

that it will become a victim of economic globalisation. Economic development will also be absent under such situation or condition.

According to Robertson (2004:563-4) the dynamics of globalisation in sub-Saharan Africa have changed, but they also present dangers not unlike those human beings faced in the late eighteenth century or the early twentieth century. The third wave (democratisation) could falter; it could collapse particularly if globalisation is hijacked once more by nationalists' agendas. Three challenges most stand out,

- First, the challenge of extending and deepening democratisation globally and enhancing the centrality of civil society at a time when the attempted privatisation of the third wave has strengthened short-term profit-maximising strategies and forms of monopoly control at the expense of investment in human capital and infrastructure. The resulting increase in inequalities, exacerbated by debt in sub-Saharan Africa, has cost much of its former popular legitimacy.
- Second, there exist the environmental challenge of addressing issues of sustainable economic development globally. Just as democracy cannot survive the sea of poverty, so it cannot

survive in an environmentally damaged and disease ridden sub-Saharan Africa.

- The third challenge is the multicultural one that human diversity now globally presents to all societies that once defined themselves exclusively as homogenous nations.

#### **4.1.1.1 Globalisation and Policy Changes in sub-Saharan Africa**

Globalisation is one of the major challenges. Sub-Saharan Africa has little to lose from globalisation (capital already flows out despite controls) and much to gain, provided it is accompanied by policy changes in several areas.

- First, transaction costs, which are very high in sub-Saharan Africa, need to be reduced. In particular, transportation is expensive because of monopolistic, cartelised, and or subsidised sea, air, and rail links. Globalisation coupled with a reduction in transaction costs could shift comparative advantage toward manufacturing and raise output while helping to diversify the region's economy.

- Second, fiscal policy will have to shift toward the provision of infrastructure and education to prevent local capital from being moved to other countries where the quality of physical and human capital is higher.
- Third, a further reduction in barriers to foreign trade, which are still high in most sub-Saharan countries, would improve resource allocation and increase competition. Given the dependence of many governments on revenue from import duties, however, trade liberalization will have to be accompanied by the development of alternative revenue sources, including the elimination of exemptions.
- Finally, more sub-Saharan African countries will have to deal with episodes of large and potentially reversible inflows of foreign capital (a problem that has already been confronted by South Africa and a few other countries in the region). This will require strong fiscal policies and prudent debt management, tough bank supervision, and flexible monetary policies ([www.imf.org](http://www.imf.org)).

Sub-Saharan African countries, therefore faces major challenges to accelerate growth, reduce poverty, build up its human resources, and create an environment that encourages the development of the private

sector. At the same time, globalisation has raised the stakes by offering greater opportunities for faster economic growth while significantly raising the risk of marginalisation for those countries that fail to integrate into the global economy ([www.unu.edu](http://www.unu.edu)).

An important strand of the on-going discussion is underpinned by the expectation, that globalisation compel sub-Saharan states to undertake managerial and administrative reforms as they struggle to enhance their chances of being active players in the world economy. These managerial and administrative reforms, rooted as they are in the promotion of the market logic and market competition, will result in the emergence of a standardised state and public administration system across the world (Osborne and Gaebler, 1992).

According to The World Bank (1996) what is clear from the experience of the international system after two decades of structural adjustment implementation in sub-Saharan Africa is the fact that effective and successful policy-making cannot be undertaken in the absence of a social contract, a developmental state with a clear socio-political and economic vision, and a willingness to address politics as an independent variable in the administrative and decision-making processes.

According to the World Bank (1996) as globalisation affects the development of sub-Saharan African countries and their policy-making capacity, several points from the on-going debate about the consequences of globalisation for the state and policy-making deserve to be highlighted.

- The first of these is the fact that at a certain level, globalisation, underpinned as it is by a strong neo-liberal *laissez-faireism*, represents a continuation of the region's experience with market-driven structural adjustment and all of its implications for the local policy-making environment. In this sense, globalisation would seem to reinforce the structural adjustment policies that have been followed over the last two decades, especially in the area of trade, financial, and investment liberalisation.
- Secondly, the establishment of the World Trade Organisation (WTO) as a successor to GATT following the conclusion of the Uruguay rounds of agreements launched and accelerated a process whereby an ever-widening sphere of local policy and decision-making spaces are being further eroded in favour of agreements negotiated at the multilateral level and which are binding on all signatories. Already, African countries are being exposed to a new additional conditionality, that of prior membership of WTO and

adherence to its rules on trade liberalisation, in exchange for development co-operation assistance, debt relief, and market access.

- Thirdly, it poses serious questions about the renewal of state capacity to cope with the demands, pressures and opportunities associated with globalisation at a time when the structural adjustment experience has resulted in the near-total erosion of state capacity and the decimation of the morale and coherence of the bureaucracy (World Bank, 1993).

By contrast, non-globalising nations have seen poor economic growth during the 1990s, and many saw negative growth. Moreover, a related World Bank study found that increased growth resulting from expanded trade "leads to proportionate increases in incomes of the poor. Globalisation leads to faster growth and poverty reduction in poor countries including those in sub-Saharan Africa.

However, it has to be remembered that the global environment of the 21st century is an important determinant of industrial and economic success. Globalisation demands improved competitiveness. Increased competition presents new challenges and opportunities for African enterprises. As the

world economy is being deregulated and liberalised, enterprises that are competitive in national markets have to be competitive in world markets as well. A pre-requisite for survival and success requires a winning combination of competitive strengths ([www.reservebank.co.za](http://www.reservebank.co.za)).

Globalisation will continue to reinforce the interdependencies between different countries and regions. It can also deepen the partnership between the advanced countries and the rest of the world. And to support this partnership in a mutually beneficial way, the advanced countries could help to further open their markets to the products and services in which the developing world has a comparative advantage. In addition, the reform efforts of the African countries will need to continue to be supported by adequate financing on concessional terms ([www.imf.org](http://www.imf.org)).

Callaghy (1996) emphasises that while the international system often states that borrowing is based on a commitment to policy change, it seldom ties borrowing to policy improvements. This lends credibility to charges that the international system is more interested in processing loans than being a tough advocate of policies that would contribute to economic growth of sub-Saharan Africa. This situation may serve the

bureaucratic impulses of the international system and the vested interests in recipient countries.

#### **4.1.2 Relationship Between Globalisation and Democracy in sub-Saharan Africa**

It has to be noted that, accelerated globalisation in recent times has unfolded in tandem with a notable growth of liberal democracy in many states where it was previously absent. A so-called “third wave” of democratisation has engulfed much of sub-Saharan Africa. Thus to many eyes, contemporary globalisation have gone hand in hand with democracy.

In the words of Scholte (2000:263) several connections can indeed be drawn between supra-territorial relations and the spread of liberal democracy to more sub-Saharan states in the twentieth century. However, there purported connections between globalisation and democratisation need to be qualified on at least, four important counts in sub-Saharan Africa -

- First, globalisation has by no means constituted the sole force behind the third wave of democratisation. Each transaction to

multiparty regimes with free and fair elections has drawn vital strength from locally based movements for change

- A second objection to the thesis that globalisation has advanced democracy in many sub-Saharan countries, is that many if not most of the newly installed liberal mechanisms have run only skin-deep. In many cases multiparty elections have not led to wider democratic consolidation
- Thirdly, globalisation would need to promote different kinds of collective self-determination in order to be truly democratising. Democracy, according to this view, requires more than a multiparty of political parties, periodic elections to representative state institutions, respect of civil rights, non-partisan civil and military services.
- Fourth, globalisation has democratised the state, highlights the previously made observation that the state, being territorially grounded, is not sufficient by itself as an agent of democracy in a world where many social relations are substantially supraterritorial.

#### **4.2 Economic Policy in sub-Saharan Africa**

The challenges facing Sub-Saharan Africa are difficult and varied. Solutions will not be easy or quick. The most critical element of any

development strategy, upon which the success of all other elements depend, is the willingness of sub-Saharan people and their leaders to make the correct, and often difficult, economic policy choices. It is this point that provides the cause for optimism about Africa today. Increasingly, democratic governments in Africa are implementing market-based economic policies that are placing their countries on proven paths to success ([www.clintonfoundation.org](http://www.clintonfoundation.org)).

Moreover, it has to be noted that there is no single explanation for sub-Saharan Africa's poor economic development. The main factors behind the stagnation and decline were poor economic policies-both macroeconomic and sectoral- emanating from a development paradigm that gave the state a prominent role in production and in regulating economic activity.

No region of the world is in more dire need of development than sub-Saharan Africa. This region faces tremendous challenges, including economic policy. With the support of the World Bank and other international institutions at large, most sub-Saharan African nations embraced development strategies involving heavy state intervention, including nationalisation of industries, property, banks, and control over key utilities and commodities. These policies proved disastrous, leading

to poor growth, rampant corruption, and poor services. Despite a general rejection of state-led development beginning in the early 1980s, many countries in sub-Saharan Africa are still burdened with heavy international system ([www.heritage.org](http://www.heritage.org)).

The economic futures of developing countries lie predominantly in their own hands through the policies that they choose to adopt and enforce. If countries want to increase per capita GDP, they should adopt policies that are most likely to achieve that result ([www.heritage.org](http://www.heritage.org)).

The World Bank (1994:22) states that the most successful economies maintained good economic policies, as measured by low inflation, prudent fiscal stances, and realistic exchange rates. Among the macroeconomic variables, the absence of a parallel market-an indication that the exchange rate is not overvalued- generally has the strongest explanatory power.

However, what is clear from the experience of the international system after two decades of structural adjustment implementation in sub-Saharan Africa is the fact that, effective and successful economic policy-making cannot be undertaken in the absence of a social contract. It cannot be undertaken also in the absence of a developmental state with a clear

socio-political and economic vision, and a willingness to address politics as an independent variable in the administrative and decision-making processes.

#### **4.2.1 Economic Policy Approaches in sub-Saharan Africa**

According Hope (1999:174) essentially, most African nations have not been able or willing to realign their economic policy frameworks to combat deepening crisis of development that has plagued them during the past two decades. In particular, sub-Saharan Africa, with its undiversified economic structure and undeveloped economic policy infrastructure, has been immobilised by its inability to adjust to the external and internal shocks it has experienced. Yet, although the benefits of policy reform and change remain obvious, it is disturbing to think that African policy makers may have learned nothing from the last decade

The economic policies of sub-Saharan Africa have been changing from time to time. According to the words of Himmelstrand, Kinyanjui, and Mburugu, 1994: 88-93) sub-Saharan African counties pursued different policies for economic development since 1960. The following are policies or policy approaches that once prevailed in the region.

#### **4.2.1.1 Capital Formation Approach**

The first economic preoccupation of the sub-Saharan African countries was to promote rapid economic growth. The government were eager to close the development gap between their countries and the international system, and they figured that they had to run walk while others walked. By then growth was perceived to be a function of increased capital formation. This view prevailed amongst growth economists as well as development economists (Himmelstrand et al, 1994:88).

However, the discussion continues, in view of the glaring economic structural weakness, notably almost a complete lack of an industrial sector, many countries simultaneously aimed at a rapid industrial growth based on their primary exports, and import-substitution. This policy approach had a number of weaknesses, namely that:

- It placed too much hope on capital formation as the basis for growth
- It overestimated the flow of foreign-based resources, private investment and aid
- It overlooked the role of grass root participation.

#### **4.2.1.2 Economic Nationalism Centred Approach**

Economic nationalism in sub-Saharan Africa is the policy approach by which the countries of the region took for increasing control of their economic development by applying a variety of instruments. The first act of economic nationalism was the Africanisation that sought to place public administration in the hands of citizens. This was followed by attempts to have greater participation of nationals in the ownership of economic ventures and in managerial function. That included the research for partnership between the governments of sub-Saharan African countries and the international system, including foreign investors (Himmelstrand, 1994: 89).

#### **4.2.1.3 Socialist Centred Approach**

Himmelstrand (1994:90) continues to argue that, the third approach commonly followed in sub-Saharan Africa is socialism, which has often been described as African socialism. The history of trying to develop through socialism in sub-Saharan Africa has been far less successful than it was hoped. After an initial relatively short period of success in equalising opportunities and outcomes, and raising the living standards of

people, the social orientated countries not lost all other achievements, but also all of them.

#### **4.2.1.4 The Basic Human Need Approach**

This approach was pursued in almost all the countries, irrespective of ideology, is perhaps the one strategy which was agreeable to all political and social petit-bourgeoisie, the intelligentsia, the workers, the peasants and above all also foreign governments and different like the United Nations, including the transitional corporations, did not find any trouble with it. The approach's philosophy was quite appealing- namely that any development should be first and foremost centred on man, not infrastructure (Himmelsrand, 1994:91).

#### **4.2.1.5 Economic Stabilisation Approach**

According to Himmelstrand et al (1994: 92) in 1980, in an attempt to cope with their merging crisis especially in the external sector of the economy, a number of sub-Saharan African countries adopted what is referred to as National Economic Survival programmes. In essence these programmes were country programmes that were prepared to "sell" to the Paris Club, in order to solicit further aid or to avoid impending cuts.

Their content varied tremendously depending on the individual country's perception, and especially the extent to which the international system was involved in their preparation. The most outstanding objectives were bridging the gap between imports and exports. However, the instruments used for that varied tremendously, some countries sought to control imports through currency devaluation and price adjustment. The other primary objective was the elimination of food deficits, which was a very disturbing and often recurring problem. Other objectives though secondary were:

- Reduction in price controls
- Control over the increasing government budgetary deficits and
- Restriction on bank lending.

After a year or two this approach gave way to what were commonly called Structural Adjustment Programmes. Once again, their content and instruments varied tremendously between countries, and they too were prepared as instruments for attracting aid. Some countries adopted quite radical and novel approaches such as "two-window exchange rates" and or extensive economic liberalisation, while others still limited their programmes in both import controls and export promotion through largely administrative procedures. Their primary and secondary objectives were more or less the same (Himmelstrand, 1994:93).

By and large, the adjusting countries in sub-Saharan Africa have improved their macroeconomic policies, increasing their international competitiveness and reducing inflation. Of twenty-six countries for which the index of change could be computed in overall macroeconomic policies, fifteen made advances. Ghana, Tanzania, and The Gambia improved the most, reflecting in part highly distorted initial conditions. Gabon, Cote d'Ivoire, and Congo having the largest. Macroeconomic policies worsened slightly in Bernin, the Central African Republic, Rwanda, Sierra Leon and Togo (World Bank; 1994:57).

According to (Harvey, 1996:1) in most sub-Saharan African countries, macroeconomic conditions were and still are deeply unsatisfactory and they are therefore affected, in ways that could not be ignored by every aspect of economic conditions and economic policy. For example, there is little point in doing research on industrialisation if any economy is in fact deindustrialising, and the reason is that gross macroeconomic imbalance is leading to extreme shortages of foreign exchange and credit, rather than that there is a problem with details of industrial policy such as tax incentives or levels of protection. As a consequence, these countries are in the process of trying to implement stabilisation and structural adjustment programmes. There were various experiments with such programmes being devised and implemented by arguments, without the

international system being involved. Increasingly, however sub-Saharan African countries have been forced to reach agreements with the international system because of the failure of most of these homegrown programmes.

It has to be noted that, even when different time periods or different policy variables are used to evaluate the change in macroeconomic policies, the evidence clearly points to progress in more than half of the adjusting countries.

The challenges posed to sub-Saharan Africa as during the approach of the new millennium are indeed enormous. Sub-Saharan Africa's position today is quite different from that of the past decade. For once, in a long time, there is encouraging economic progress in many countries. This reflects the implementation of sound economic policies, a move towards rules-based institutions, and participatory forms of government that foster consensus between the state and civil society ([www.unu.edu](http://www.unu.edu)).

The challenge facing the developing world, and African countries in particular, is to design economic policies so as to maximize the potential benefits from globalisation, and to minimize the downside risks of destabilization and/or marginalisation. None of these policies is new, and

most African countries have been implementing them for some time. In particular, sub-Saharan Africa has made substantial progress toward macroeconomic stability:

- There has been continued improvement in overall growth performance. Average real growth has increased from less than 1 percent in 1992 to over 5 1/2 percent in 1996, and this positive trend is expected to continue;
- There has been some success in bringing down inflation, many countries have already achieved single digit inflation rates, and for the region as a whole, average inflation is expected to fall from the peak of 60 percent in 1994 to 17 percent in 1997;
- Countries have also reduced their internal and external imbalances. The external current account deficit has fallen from an average of 15 percent of GDP in 1992 to about 9 percent projected for this year, while the overall fiscal deficit has been cut from almost 12 percent of GDP to 6 percent over the same period ([www.imf.org](http://www.imf.org)).

### **4.3 Democracy in sub-Saharan Africa**

Boyce (2004:597-8) alludes that, democracy is not simply a question of institutional architecture- elections, laws, and organisational structures. It is also a question of how political power is distributed within society. Formal democratisation involves the growth of institutions that foster voice and accountability. Substantive democratisation involves movement towards a more egalitarian distribution of power.

For democracy in sub-Saharan African countries, however, to flourish, institutions must ensure that ordinary citizens can voice their demands and that decision-makers can be held accountable to those who are affected by their decision.

#### **4.3.1 Democracy and Economic Development in sub-Saharan Africa**

Given the importance of aid to most sub-Saharan countries' economies and to the functioning of the state, one might expect that donors or the international system played a key role in shaping the democratisation episode of the early 1990s. Yet, the evidence does not support the argument that donor pressures for political reform had a significant impact on the emergence of political protest. Protests were not correlated

either with the degree of dependence on international system, the level of international debt, or with the imposition of political conditionality by the international system. Interestingly, however, the emergence of protest was positively correlated with a number of adjustment and stabilisation loans signed with the international institutions in the 1980s (van de Walle, 241:2001).

Political stability and inclusiveness, the rule of law, and accountability in government and the private sector enhance investment while trade can promote a more equitable distribution of economic assets and access to social services in sub-Saharan Africa. Good governance, coupled with improved economic and social development, also reduces the vulnerability and receptivity to terrorist agendas.

However, despite recent democratic successes in Kenya, Zambia and post-war Sierra Leone, much more needs to be done to improve governance in the region. The entire world is watching the virtual collapse of democracy in Zimbabwe and the outbreak of violence in the Cote d'Ivoire, potent reminders that democratisation processes are still fragile (Lewis, 1996).

In the words of Ishikawa (1999: 7) it is easy to point out that development of a sub-Saharan African countries and the welfare of the people can only be achieved by self-help through activating their own resources in the framework of democracy and a market economy, and not through other's mercy. In fact, Ishikawa (1997), continues to allude, there are strong requests to implement democracy both from inside and outside sub-Saharan African economic countries. There are justifiable arguments that sub-Saharan Africa economic failure was caused by wrong or inappropriate policies and lack of good governance.

According Ishikawa (1999:9) democracy in sub-Saharan Africa requires thinking about a specific country. Most sub-Saharan states have a sharp rupture in their national history.

Several violent conflicts have moved toward resolution during the past year, most significantly the conflicts in the Democratic Republic of the Congo, Burundi, and Sudan. However, new conflicts have arisen, and instability will remain a serious risk for almost half the countries in Africa for the foreseeable future. The severe food crises that have afflicted large parts of east and southern Africa also heighten the potential for conflict.

Democratic governance and respect for human rights are the foundations for political and social stability and economic progress. They are also intrinsic to the goal of human development. Today, the struggle of sub-Saharan Africa's people for democracy and human rights continues, and, as in the past, international support can play an important role. Sub-Saharan African victories in recent decades in overcoming colonial rule, apartheid, and other forms of dictatorship, have marked important progress, empowering Africa's people and unleashing their own vision.

While democratic advances have been made across the continent, serious challenges still remain. As is the case everywhere, democracy in Africa is a work in progress. Constitutional reform movements now seek to advance the democratic process in many countries. African civil society organizations continue to struggle for women's rights, and for government accountability to the needs of Africa's poor majority ([www.africaaction.org](http://www.africaaction.org)).

One other point that has to be noted about democracy is that, it is a historical process that takes generations. According to Boyce (2004:597) at the national level, democracy remains incomplete for more than two centuries. History teaches that the creation of democratic institutions requires the democratic creation of institutions in sub-Saharan Africa. It

is fitting, therefore, that the democratisation of global governance should be a topic of wide and vigorous debate in sub-Saharan African countries.

## CHAPTER FIVE

### PROSPECTS FOR EXTRA-REGIONAL PARTNERSHIP FOR SUB-SAHARAN AFRICA'S DEVELOPMENT

For decades, Africa as a whole had to live with the appellation- The Dark Continent- and seemed impotent to do much about it. The “darkness” of the continent was not based so much on the dark skin colour of most of its inhabitants as on the “darkness” of the events that occurred there as a matter of routine. The wars and other kinds of conflicts, the crisis of governance, the excruciating poverty, the corruption, the frequency of natural disasters and catastrophes such as famine and flood, the disease and high mortality rate among different age groups have all combined to cast a somewhat dark shadow on the present and future of the continent (Mogekwu, 2002:2).

Moreover, in the mid- to late 1960s, coups and counter coups became so commonplace that their newsworthiness became diluted. For most of the countries in sub-Saharan Africa that got their independence in the 1960s, coups occurred within the first decade of independence. In a few countries, multiple coups had occurred within the same period.

On the economic front, the argument continues, the continent has done not too well. Apart from South Africa, and couple of other states, most other nation-states in the continent appear to be in a quandary. Moge kwu (2000:2-3) further goes on to argue that, in the past four decades, Africa has been a trial ground for all kinds of development theories and strategies- none of which has really had the kind of success that was envisaged. Where success appeared to have occurred, most of it eventually turned out to be a flash-in-the-pan success. The bandied “success” of the International Monetary Fund/World Bank inspired Structural Adjustment Programme in a place like Ghana has been seriously questioned.

As Africa entered the 21<sup>st</sup> century and after a long time attempts on many initiatives for Africa and all its regions’ development, African leaders have come up with a new position or an initiative to development, and that position or initiative is called New Partnership for Africa’s Development.

The New Partnership for Africa’s Development offers something different. It is, first and foremost, a pledge by African Leaders to the people of Africa to consolidate democracy and sound economic management, and to promote peace, security and people-centred

development. African Leaders have personally directed its creation and implementation. They have formally undertaken to hold each other accountable for its achievement. They have emphasised good governance and human rights as necessary preconditions for Africa's recovery. They focus on investment-driven economic growth and economic governance as the engine for poverty reduction, and on the importance of regional and sub-regional partnerships within Africa ([www.twinafrica.org](http://www.twinafrica.org)).

NEPAD is designed to address the current challenges facing the African continent. Issues such as the escalating poverty levels, underdevelopment and the continued marginalisation of Africa needed a new radical intervention, spearheaded by African leaders, to develop a new Vision that would guarantee Africa's Renewal ([www.dfa.gov.za](http://www.dfa.gov.za)).

Before NEPAD, it has to be noted, the African landscape had been littered with failed initiatives, development plans and programmes of action. Of note were the regional initiatives of the Lagos Plan of Action and the Abuja Treaty establishing the African Economic Community. For a variety of reasons including lack of capacity, lack of political will, outside interference and lack of resources these past initiatives were unsuccessful. However, a fortuitous convergence of circumstances, both within and outside the continent, has created the opportunity for the latest

initiative ([www.uneca.org](http://www.uneca.org)). It is in this chapter where NEPAD as an extra-regional partnership initiative for development will be discussed and outlined. Because it is the latest initiative in all the series of initiatives, this chapter intends to look at NEPAD and its mechanisms on addressing economic development in sub-Saharan Africa and Africa at large, hence it is a homebrewed initiative.

### **5.1 The Nature and Elements of NEPAD**

The thought of a concerted effort for African recovery that eventually crystallised into the New Partnership for Africa's Development (NEPAD) dates back to 1999. President Bouteflika, president Mbeki and president Obasanjo were at the time the Chairmen of the Organisation of African Unity, the Non-Aligned Movement and the G-77 respectively, and they seized the opportunity of their unique positions to address the problems of peace and security, as well as poverty and underdevelopment in Africa. First, President Mbeki became the arrowhead of Millennium Partnership for Africa's Recovery Plan. Soon after, President A. Wade of Senegal sponsored the Omega Plan. Following the directive of the Organisation of Africa's Unity, both initiatives were merged into NEPAD and President Obasanjo is now the Chairman of the 15-member Implementation Committee of Heads of State and Government ([www.uneca.org](http://www.uneca.org)).

It has to be noted that, NEPAD is an African-led, integrated development plan that addresses social, economic and political priorities. It calls on African countries to join together to harness their natural and human resources, to be "architects of their own sustained upliftment." The newly reconstituted African Union (formerly the Organisation of African Unity) also endorses NEPAD's emphasis on governance and cooperation to achieve economic growth and social progress. As a major development partner, AU supports and encourages such efforts at improved governance, and has pledged full support to NEPAD in the areas of its mandate ([www.unfpa.org](http://www.unfpa.org)).

NEPAD, according to Abuja document (2000), is a pledge by African leaders, based on a common vision and a firm and shared conviction, that they have a pressing duty to eradicate poverty and to place their countries both individually and collectively on a path of sustainable growth and development, and at the same time participate actively in the world economy and body politics. The program is anchored on the determination of Africans to extricate themselves and the continent from the malaise of underdevelopment and exclusion in a globalising world. The World Summit Document on Sustainable Development (2002:61) on the other hand highlights that; the New Partnership for Africa's Development is a commitment by African leaders to the people. It

recognises that partnership among African countries themselves and between them and with the international community are key elements of a shared and common vision to eradicate poverty, and furthermore it aims to place their countries, both individually and collectively, on a path of sustained economic growth and sustainable development, while participating actively in the world economy and body politics.

The New Partnership for Africa's Development (NEPAD) consists of three essential and inter-related elements, all rolled into one,

- First, it is the vision of the future shared by African leaders.
- Second, it is a full-blown development agenda, laying out the strategy to translate their vision into reality

And the third part, it is a programme of action flowing from the strategy ([www.uneca.org](http://www.uneca.org)). Moreover it has to be noted that, NEPAD provides three key new elements, namely: it is African developed, managed and owned; it brings the concept of a new partnership (with mutual commitments, obligations, interest, contributions and benefits); and Africa is undertaking certain commitments and obligations in its own interest which are not externally imposed conditionalities ([www.southafrica.info](http://www.southafrica.info)).

The New Economic Partnership for Africa's development proposes a simple bargain: the West provides debt relief, opens its market, invest in Africa and support peacekeeping missions, in exchange for democratic accountability and financial probity by African leaders through a self monitored peer review mechanism (Mail and Guardian, 13-02-2004).

The sense of pressing duty, however, in the words of Moge kwu (2000:4-5) seems to have derived from the appreciation that:

- The poverty and backwardness of Africa stand in stark contrast to the prosperity of the developed world and the continued marginalisation of Africa from the globalisation process with the resultant social exclusion of the vast majority of its peoples constitute a serious threat to global stability. This poverty is more palpable by the fact that half of Africa's populations of almost 700 million live on less than US\$1 a day.
- African leaders have not, in the past, demonstrated a willingness to be guided by the rules of good governance that embodies the principles of democracy, transparency and accountability and the encouragement of popular participation in policy decision-making.
- Many parts of Africa have been torn apart by wars and conflict which have left them seriously mired in deep poverty.

- Diseases and other kinds of (health) deprivation are serious hindrances to growth and development. The scourge of HIV/AIDS in the continent is now public knowledge and great cause for concern. Many United Nations reports have revealed that the mortality rate of children under five years of age is 140 per 1000 and life expectancy at birth is only 54 years. Only 58% of the population has access to safer water.

It is important to note that, NEPAD is not intended to as a punitive instrument to whip politically deviant African governments into line. It would be politically naïve and unrealistic to expect that NEPAD should be sold to African member states as a good governance enforcer for the west. The intend behind NEPAD appears to entail a departure from African political business as usual in two ways:

- First, by offering an incentive framework to African states which will generate for them more aid, trade and investment from the developed world. Therefore, member states of the forthcoming African Union will no longer be left high and dry if they “do the right thing”
- The western side of NEPAD partnership would presumably bring an end to this travesty via positive reinforcement resulting in increased flows of aid, trade, investment and meaningful debt relief

to government that are NEPAD adherents while marginalising bad governance (Business Day, 2002-04-09).

### **5.1.2 The Goals of NEPAD**

Broadly, the goals of NEPAD are to:

- eradicate widespread and severe poverty;
- promote accelerated growth and sustainable development;
- halt the marginalisation of Africa in the globalisation process; and
- restore peace, security and stability as message of hope, and the spirit of the new corps of progressive leaders on the scene ([www.unca.org](http://www.unca.org)).

Reading from the goals of NEPAD, there is at least some hope that Africa at large will benefit from this initiative especially given the failures of the past attempts to bring Africa together for purposes of development.

Because NEPAD is not a short term-policy but a long agenda for Africa's development, it will be easier for it to achieve its objectives especially considering its adopted programme of the African Union. NEPAD has created a relationship with most of the regional groupings in sub-Saharan Africa, like the Economic Community of West Africa and Southern

African Development Community. With these relationships, there is some hope that development will be faster in sub-Saharan Africa and Africa at large.

It has to be further noted that, the NEPAD secretariat has engaged with other African organisations, such as the United Nations Economic Commission for Africa (ECA) and the African Development Bank (AFDB), to elaborate proposals in support of NEPAD's objectives and priorities ([www.fco.gov.uk](http://www.fco.gov.uk)).

To achieve these goals, however, African leaders will take some joint responsibility for the following:

- Strengthening mechanisms for conflict prevention, management and resolution at the sub regional and continental levels, and to ensure that these mechanisms are used to restore and maintain peace;
- Promoting and protecting democracy and human rights in their respective countries and regions, by developing clear standards of accountability, transparency and participatory governance at the national and sub national levels;
- Restoring and maintaining macroeconomic stability, especially by

developing appropriate standards and targets for fiscal and monetary policies, and introducing appropriate institutional frameworks to achieve these standards;

- Instituting transparent legal and regulatory frameworks for financial markets and the auditing of private companies and the public sector;
- Revitalising and extending the provision of education, technical training and health services, with high priority given to addressing the problem of HIV/AIDS, malaria and other communicable diseases;
- Promoting the role of women in social and economic development by reinforcing their capacity in the domains of education and training; by developing revenue-generating activities through facilitating access to credit; and by assuring their participation in the political and economic life of African countries;
- Building the capacity of the states in Africa to set and enforce the legal framework, and to maintain law and order;
- Promoting the development of infrastructure, agriculture and its diversification into agro-industries and manufacturing to serve both domestic and export markets ([www.kitouchakatiba.co.ug](http://www.kitouchakatiba.co.ug)).

## **5.2 NEPAD and Africa's Development**

It is important to start from the premise that, the primary objective of NEPAD is to eradicate poverty in Africa and to place African countries both individually and collectively on a path of sustainable growth and development to thus halt the marginalisation of Africa in the globalisation process. At the core of the NEPAD process is its African ownership, which must be retained and strongly promoted, so as to meet the legitimate aspirations of the African peoples. While the principle of partnership with the rest of the world is equally vital to this process, such partnership must be based on mutual respect, dignity, shared responsibility and mutual accountability ([www.dfa.gov](http://www.dfa.gov)).

Moreover, the New Partnership for Africa's Development centres on African ownership and management. Through this programme, African leaders are setting an agenda for the renewal of the continent. The agenda is based on national and regional priorities and development plans that must be prepared through participatory processes involving the people. It is believe that while African leaders derive their mandates from their people, it is their role to articulate these plans and lead the processes of implementation on behalf of their people ([www.kitouchakatiba.co.ug](http://www.kitouchakatiba.co.ug)).

However, Ramphela (2000) notes that, for Africa, reversing the process of marginalisation, first of its people then of governments, require better accountability balanced by the empowerment of civic society including women and poor people, and a balanced public/private relationship. Without this shift in power accountability, it will be difficult to envisage the active engagement that Africa need to accelerate development and break free of poverty.

Across the continent, Africans declare that the continent will no longer allow itself to be conditioned by circumstance. Africa is determined to its own destiny and call on the rest of the world to complement its efforts. There are already signs of progress and hope. Democratic regimes that are committed to the protection of human rights, people-centred development and market-oriented economies are on the increase. African peoples have begun to demonstrate their refusal to accept poor economic and political leadership.

These developments are, however, uneven and inadequate and need to be further expedited ([www.polity.org.za](http://www.polity.org.za)).

The African initiative for partnership, NEPAD, is about consolidating and accelerating these gains. It is a call for a new relationship of partnership between Africa and the international community, especially the highly

industrialised countries, to overcome the underdevelopment that has dominated Africa for centuries.

The adoption of NEPAD is considered to be one of the most important developments of recent times for its conception of a development programme, placing Africa at the apex of the global agenda, by:

- creating an instrument for advancing people-centered and sustainable development in Africa based on democratic values
- being premised on the recognition that Africa has an abundance of natural resources and people who have the capacity to be agents for change, and so holds the key to its own development
- providing the common African platform from which to engage the rest of the international community in a dynamic partnership that holds real prospects for creating a better life for all (South African Yearbook, 2003/4: 309).

The New Partnership for Africa's Development recognises that there have been attempts in the past to set out continent-wide development programmes. For a variety of reasons, both internal and external, including questionable leadership and ownership by Africans themselves, these have been less than successful. However, there is today a new set of

circumstances, which lend themselves to integrated practical implementation.

Moreover, Fourie and Vickers (2003:11-2) argue that, NEPAD claims to be a “holistic”, comprehensive integrated strategic framework for the socio-economic development in sub-Saharan Africa. Its progenitors wish to portray it as a strategy to depart from the so-called lost continent of social-political pessimism, donor fatigue, dying children and bad news, to the establishment of an “African century” reflective of sustainable economic growth and development.

NEPAD’s key aim of sustainable economic growth for sub-Saharan Africa is premised on participating countries overcoming the “problems of weak and incapable states”. This translates into broad prescription for so-called good political and economic governance, specifically at the state governance level: an embrace of the neo-liberal principles underlying that prime motive force post- 1998 globalisation.

Regarding the framework of NEPAD on development of Africa, Mokegwu (2002:7) points out that, given the multi-dimensional nature of the framework of NEPAD, the proponents must look to different sectors for serious and concerted inputs and every sector must identify areas where its contribution would be most meaningful and effective. As noted

earlier, good governance and accountability of leaders appears to be very vital benchmark of this framework. So is political participation.

It has to be further noted that, NEPAD, for Africa, is a process that marks the first time in recent history that there has been ongoing engagement between Africa and the rest of the world.

Moreover, it is right, to argue that Africa is urged and pressured to improve governance, to take its peacemaking and peacekeeping responsibilities seriously, through enforcing sub-regional, African Union, New Partnership for Africa's development and African Peer Review (City Press 27-03-2005).

### **5.2.1 NEPAD'S Economic and Corporate Governance Initiative**

State capacity building is a critical aspect of creating conditions for development. The State has a major role to play in promoting economic growth and development, and in the implementation of poverty reduction programmes. However, the reality is that many governments in sub-Saharan Africa lack the capacity to fulfill this role. As a consequence, many countries lack the necessary policy and regulatory frameworks for

private sector-led growth. They also lack the capacity to implement programmes even when funding is available. It is for this reason that targeted capacity building should be given a high priority. Programmes in every area must be preceded by an assessment of capacity, followed by the provision of appropriate support ([www.uneca.org](http://www.uneca.org)).

This NEPAD initiative of economic and corporate governance emphasizes the importance of policy as a way to develop the economy. According to Mail and Guardian (2004-05-03), better policies might help raise growth, but even the most active reformers are unable to generate such fast rates through policy alone. Similarly, donors' aid can probably help accelerate growth under some circumstances, but no to the extent required for more than a decade. Policy combined with aid can help African countries to meet this initiative.

State capacity building, according to NEPAD, is a critical aspect of creating conditions for development. The state has a major role to play in promoting economic growth and development, and in implementing poverty reduction programmes. However, the reality is that many governments lack the capacity to fulfill this role. As a consequence, many countries lack the necessary policy and regulatory frameworks for private sector-led growth. They also lack the capacity to implement programmes,

even when funding is available. It is for this reason that targeted capacity building should be given high priority. Programmes in every area should be preceded by an assessment of capacity, followed by the provision of appropriate support ([www.kitouchakabita.co](http://www.kitouchakabita.co)).

### **5.2.2 NEPAD and Sub-Regional and Regional Approaches to Development**

Most sub-Saharan African countries are small, both in terms of population and per capita incomes. As a consequence of limited markets, they do not offer attractive returns to potential investors, while progress in diversifying production and exports is retarded. This limits investment in essential infrastructure that depends on economies of scale for viability. These economic conditions point to the need for African countries to pool their resources and enhance regional development and economic integration on the continent, in order to improve international competitiveness. The five sub-regional economic groupings of the continent must, therefore, be strengthened ([www.uneca.org](http://www.uneca.org)).

The argument continues by further stating that, the New Partnership for Africa's development focuses on the provision of essential regional public

goods (such as transport, energy, water, information and communication technologies, disease eradication, environmental preservation, and provision of regional research capacity), as well as the promotion of intra-African trade and investments. The focus will be on rationalising the institutional framework for economic integration, by identifying common projects compatible with integrated country and regional development programmes, and on the harmonisation of economic and investment policies and practices. There is a need for co-ordination of national sector policies and effective monitoring of regional decisions ([www.uneca.org](http://www.uneca.org)).

### **5.3 NEPAD and the African Union's Relationship for Development**

The NEPAD initiative was established in 2001, a year after the adoption of the Constitutive Act of the African Union (AU). NEPAD has been cast as the pre-eminent partner for Africa's development, while the AU is to provide a broad overarching framework. In this context it is unclear how the AU and NEPAD will operate and coordinate with each other. Additionally, some African leaders have expressed concerns that NEPAD could reflect the interests of a small group of states setting Africa's development agenda rather than the continent as a whole ([www.ipacademy.org](http://www.ipacademy.org)).

Moreover, it has to be pointed out that, because NEPAD is a mandated initiative of the African Union, the NEPAD Heads of State and Government Implementation Committee has to report annually to the Union Summit. The Chair of the Union as well as the Chair of the Commission of the Union are the ex-officio member of the Implementation Committee. The Commission of the Union is expected to participate in Steering Committee meetings ([www.dfa.gov.za](http://www.dfa.gov.za)).

Mokegwu (2002:8) forwards a point that, NEPAD has to work in tandem with the new African Union, it becomes clear that the unity of Africa- the coming together of its people- is one of the fundamental issues that NEPAD has to grapple within its operation. This unity can only be borne out of the coming together of diverse peoples who although, may have been separated physically and mentally by artificial boundaries created by past colonial powers for their economic and political convenience, are ready to begin to appreciate and identify with each other's culture, disposition, backgrounds norms, values and world views and come together in a union whose diversity would be its strength and beauty.

For decades, it has to be noted, Africa has looked elsewhere for solutions to its problems. But this appears to be changing- especially since the launching of the African Union and subsequently of the New Partnership

for Africa's Development. While its predecessor- the Organisation of African Unity- was considered by many to be a toothless bulldog, the African Union seems to have some bite (Sowetan, 2005-03-31).

### **5.3.1 African Peer Review Mechanism and Accountability**

Amongst the attempts that were brought about by the New Partnership for Africa's Development (NEPAD) for the catering of the development process in Africa, was the creation of African Peer Review Mechanism to improve standards of human rights, economic management, conflict resolution and democratic decision-making on the continent.

Efforts to implement the NEPAD Action Plan include the establishment of "Good Governance Peer Review Mechanisms" in the political and economic spheres. These are to be based on agreed norms and criteria by which African leaders commit to hold each other accountable to a wide range of goals encompassing democratic practice, empowerment of civil society institutions, inclusion of women and minorities in decision-making and eradication of corruption. However, to date the NEPAD process has not included significant consultation and input from either African civil society or parliamentarians. Thus, some observers view NEPAD as a top-down approach, which solely depends upon African

leaders to hold one another mutually accountable for good governance. They view this as insufficient, and in itself endangering NEPAD's credibility and successful implementation ([www.ipacacademy.org](http://www.ipacacademy.org)).

According to South African Yearbook (2003/4:310), the African Peer Review Mechanism is a process voluntarily acceded to by the member states of the African Union as an African self-monitoring mechanism. The Africa Peer Review Mechanism requires that each country develop a Programme of Action within the framework of specific time-bound objectives. It will also serve as a critical instrument for advancing reforms in governance and socio-economic development, and in building capacity to implement reforms.

The Peer Review Mechanism was initiated and developed by African Union and the New Partnership for Africa's Development. It was primarily aimed at promoting good governance amongst African leaders. When first mooted, the idea generated great expectation amongst Africans that leaders will finally be held accountable for their actions through the Peer Review Mechanism ([www.sabcnews.com](http://www.sabcnews.com)).

The African Peer Review Mechanism will enhance African ownership of its development agenda, through a system of self-assessment that ensures

that policies of African countries are based on best current knowledge and practices. An effective Mechanism, designed, owned and managed by Africans, must be credible, transparent and all-encompassing, so as to demonstrate that African leaders are fully aware of the responsibilities and obligations to their peoples, and are genuinely prepared to engage and relate to the rest of the world on the basis of integrity and mutual respect ([www.dfa.gov.za](http://www.dfa.gov.za)).

With the African Peer Review Mechanism, it will be simpler for African countries to come up with policies and practices that conform to agreed political and corporate governance set out by NEPAD. African countries will enjoy the benefits of economic growth and sustainable development.

With the African Peer Review Mechanism, there will be a process that will entail periodic reviews of the policies and practices of participating states to ascertain progress being made towards achieving mutually agreed goals and compliance with agreed political, economic and corporate governance values, codes and standards as outlined in the Declaration on Democracy, Political, Economic and corporate Governance ([www.dfa.gov](http://www.dfa.gov)).

The peer review process will, however spur countries to consider seriously the impact of domestic policies, not only on internal political stability and economic growth, but also on neighboring countries. It will promote mutual accountability, as well as compliance with best practices. However, it has to be noted that, within Africa, there are many uncertainties about the mechanism, among rights activists who think it is too limited and among leaders who prefer to avoid closer scrutiny. There is also widespread concern that donor countries will use participation or a failure to participate -- as a criterion in deciding aid allocations ([www.un.org](http://www.un.org)). But if Africa is in dyer need of development, there is no need to doubt the peer review mechanism.

Lastly, it has to be noted that, the Initiative is premised on African states making commitments to good governance, democracy and human rights, while endeavouring to prevent and resolve situations of conflict and instability on the continent. Coupled to these efforts to create conditions conducive for investment, growth and development are initiatives to raise the necessary resources to address the development chasm in critical sectors that are highlighted in the programme, such as infrastructure, education, health, agriculture and ICT.

NEPAD is a necessary African initiative to transform the reality that our continent, despite all its resources, is the poorest in the world ([www.info.gov.za](http://www.info.gov.za)).

The main challenge for all the African countries is to make sure that the new development agenda succeeds. Africa has to pull all the stops to make sure that this does become a reality. If Africa does not succeed in making its dreams come true, the world will laugh at the continent and will never take it serious again. It is therefore incumbent upon all the African countries to assist in devising means and ways that would ensure that the centre holds. The history of African development speaks for itself, it has no good record of successful development and this makes some to conclude that the NEPAD will also face similar problems that have befallen other development agendas ([www.unisa.ac.za](http://www.unisa.ac.za)).

## **CHAPTER SIX**

### **CONCLUSIONS AND RECOMMENDATIONS**

It is in this research study where the theory and practice of international political economy in sub-Saharan Africa was discussed and the discussion was made from an angle of development. The study specifically deals with the politics of regional integration for development, multilateral institutions that are involved in the developmental aid of sub-Saharan African region, the challenges that are posed by the international system (multilateral institutions and the developed western countries) to the development of the region and lastly the prospects for extra-regional partnership for the development of sub-Saharan Africa.

#### **6.1 Summary Findings**

Sub-Saharan countries have tried, from long time ago, to address their problem of underdevelopment and debt crisis, but that have never produced any positive results. Due to the high level of underdevelopment, sub-Saharan African political leaders tried to better their countries' economic situations by relying on foreign assistance from developed

countries and formal international money lending institutions like the World Bank and the International Monetary Fund.

This lending of money from the west perpetuated the problem of debt crisis in the region. However, countries in sub-Saharan region continued to borrow money but with no change with regard to their underdevelopment situation. Most of these countries found them trapped in debts and that resulted in the continuation of the west dominating and dictating to sub-Saharan African countries.

Sub-Saharan African leaders embarked on regional economic integration as a strategy to curb economic underdevelopment of the region. This strategy was set in the Lagos Plan of Action for economic development. The Lagos Plan divided sub-Saharan Africa into, the west, south, central and the east, and it was under this guideline that regional economic settings were made. In West Africa ECOWAS and the West African Economic Community were founded with specific objectives of achieving collective self-sufficiency for its members.

In the central part of sub-Saharan Africa, the Economic Community of Central African States was formed. The Economic Community of Central African States, in any case, has had difficulties getting started. The main

reasons behind the delay was largely articulated to the two grouping that formed the ECCA, being the Economic Community of Great Lakes and the Central African Customs and Economic Union (UDEAC). This slow progress of integration in the central part of sub-Saharan Africa was as a result of lack of proper economic integration leadership.

The East African Community, on the other hand was formed after Heads of State signed the Treaty for the Establishment of the East African Community in Arusha on 30th November 1999, and this was to influence economic integration in the central part of sub-Saharan Africa. It was in this regional setting where an agreement was made that, co-operation will be based on covering trade, investments and industrial development; monetary and fiscal affairs; infrastructure and services; human resources, science and technology; agriculture and food security; environment and natural resources management; tourism and wildlife management; and health, social and cultural activities. This regional setting was regarded as the most promising but it, however, failed.

In the south of sub-Saharan Africa, Southern African Developing Community was created to address economic integration amongst its members, with the objective to boost Southern Africa's general economic independence, promoting regional integration and trade and mobilising

support for regional projects. SADC is regarded as the wealthiest grouping in sub-Saharan Africa and it has an ability to develop the region to its full potential, especially with the help of South Africa.

It however, a fact that attempts to economic integration and cooperation has increased in sub-Saharan Africa, but it has not went to a whole range of areas such as technical and food security. Regional integration for development should be pursued with some determination to overcome underdevelopment in the region.

Multilateral institutions like the International Monetary Fund, the World Bank and the World Trade Organisation, have been long involved with sub-Saharan Africa and claiming that their relationship with the region's countries is based on aid. It is because of this relationship that many sub-Saharan countries have tried to achieve economic development through economic aid. Their success in achieving the economic development lies also on the changing of their foreign economic policy. This change of economic policy has been a condition attached to developmental aids provided by these institutions. Today in sub-Saharan Africa the above institutions are regarded as important players in the monetary and financial systems. Their primary objective or mission are said to promote development and serve as "lenders of last resort" when its member states face financial crises.

However, these institutions have worsened the economic situation of many sub-Saharan African countries. Majority of these countries have relied solely on these institutions for developmental assistance and therefore end up being unable to repay what was borrowed to them. The International Monetary Fund has for over years provided sub-Saharan Africa with loans for causes of development, but development through the help of IMF had never been witnessed in the region. Due to the structural adjustment programme, which was one of the conditions attached to aid from IMF, many sub-Saharan countries find them far from the notion “development”.

With no doubt, the World Bank has been the conventional source of multilateral aid to most of the developing sub-Saharan countries. The World Bank engages in extensive lending at concessional below-market rates to capital poor countries in sub-Saharan Africa through its affiliate. The World Bank’s capital comes from contributions, a multilateral form of foreign assistance by capital rich member countries that want to use this institutions as a vehicle to less developed countries.

The third leg of these institutions is the World Trade organisation. The World Trade Organisation (WTO) is the only global international organisation dealing with the rules of trade between nations. At its heart

are the World Trade Organisation agreements, negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments. The goal of the WTO is to help producers of goods and services, exporters, and importers to conduct their business. Its establishment as a forum for continuous negotiations on an expanding range of trade and trade-related issues is imposing new and challenging demands of sub-Saharan African countries with respect to various dimensions of participation. With all its powers of being the only international organisation dealing with trade rules, it has not done enough to ensure the success or survival of economic integration in sub-Saharan Africa.

These three multi-lateral institutions have never been designed to facilitate the development of the poor countries, especially in sub-Saharan Africa. They are providing aid as a way to ensure the subordination of sub-Saharan African states in the periphery to Western developed countries. Multilateral institutions are essential to the efforts of rich states to subordinate and exploit less developed sub-Saharan African states.

The western developed countries together with the above multilateral institution have posed huge challenges to the development of sub-Saharan Africa. Their involvement in the development process of the region had made sub-Saharan African countries to see development through their

eyes. Sub-Saharan Africa countries are under the impression that, for them to develop they have to participate in the global market or free market, they have to achieve democracy so that they can get foreign investors and they have to change their economic policy so that they can achieve economic development. It is a fact that the international system possesses the required capital, technology, managerial skills, access to world markets, and other resources that governments in sub-Saharan Africa need or wish to obtain for purposes of economic development.

The international system, because of what they possess for development, they easily put the development process of sub-Saharan Africa under pressure. Sub-Saharan Africa has to run the race of development with international regions that are on the same level of development with them, but not under the dictatorship of the western developed countries and under the guideline of multilateral institutions.

Globalisation as a challenge facing the development of sub-Saharan Africa, and it is reducing the ability of sub-Saharan African countries to regulate its economy. Globalisation especially to the development of sub-Saharan Africa has created tremendous forces that cause migration, both voluntary and involuntary. The majority of sub-Saharan Africa countries have not been able to manage globalisation successfully and therefore

being under severe pressure to deal with the dictations of the international system.

Globalisation as a challenge has led to the possession of boundless powers by the transnational economy and multinational corporations. It has set up fierce global competition, and on the labour market invariably results in companies in the developed and rich countries being able to create new jobs only to poorer sub-Saharan African countries.

It has to be noted that, no region of the world is in more dire need of development than sub-Saharan Africa. This region faces tremendous challenges, including economic policy. With the support of the World Bank and the international institutions at large, most sub-Saharan African nations embraced development strategies involving heavy state intervention, including nationalisation of industries, property, banks, and control over key utilities and commodities.

Most African nations have not been able or willing to realign their economic policy frameworks to combat deepening crisis of development that has plagued them during the past two decades. In particular, sub-Saharan Africa, with its undiversified economic structure and undeveloped economic policy infrastructure, has been immobilised by its inability to adjust to the external and internal shocks it has experienced.

Yet, although the benefits of policy reform and change remain obvious, it is disturbing to think that sub-Saharan African policy makers may have learned nothing from the last decade.

Structural Adjustment Programmes had, in most of the time, led to the changing of economic policy in the sub-Saharan Africa. The first economic preoccupation of the sub-Saharan African countries was to promote rapid economic growth and the economic policy approach was called Capital Formation Approach and because of a number of weaknesses this approach failed. The Economic Nationalism Centred Approach was then introduced with a hope to have greater participation of nationals in the ownership of economic ventures and in managerial function. That included the research for partnership between the governments of sub-Saharan countries and the international system, including foreign investors. The Socialist Centred Approach was also followed by majority of sub-Saharan African countries, but the approach also did not brought much of success to the region. The Basic Human Need Approach and the Economic Stabilisation Approach followed. According to the former, development should be first and foremost centred on man, not infrastructure. The latter approach, however, had objectives for development, and their most outstanding objectives were to bridge the gap between imports and exports. However, the instruments

used for that varied tremendously, some countries sought to control imports through currency devaluation and price adjustment. The other primary objective was elimination of food deficits, which was a very disturbing and often recurring problem.

Democracy has also posed as challenge to the development of the region. Development of a sub-Saharan African countries and the welfare of the people can only be achieved by self-help through activating their own resources in the framework of democracy and a market economy, and not through other's mercy. The international system has done a little to help the democratic process of sub-Saharan region and yet continued to argue that, it is through democracy that development can be achieved in the region.

Democratic governance and respect for human rights are the foundations for political and social stability and economic development, so is the argument of the international system. Democracy is also intrinsic to the goal of human development. Today, it has to be noted, the struggle of sub-Saharan Africa's people for democracy and human rights continues, and, as in the past, international support can play an important role.

Despite all these challenges to the development of sub-Saharan Africa's development, African leaders have come up with an extra-regional partnership initiative for the development of sub-Saharan Africa and Africa at large, and this initiative is called New Partnership for Africa's Development. NEPAD is designed to address the current challenges facing the African continent at large. Issues such as the escalating poverty levels, underdevelopment and the continued marginalisation of Africa needed a new radical intervention, spearheaded by African leaders, to develop a new vision that would guarantee Africa's renewal.

According to this initiative, Africa can address the challenges they are facing through the eradication of widespread and severe poverty; promotion of accelerated growth and sustainable development; halting the marginalisation of Africa in the globalisation process; and restoring peace, security and stabilising message of hope, and the spirit of the new corps of progressive leaders on the scene.

This African initiative for partnership, NEPAD, is about consolidating and accelerating these gains. It is a call for a new relationship of partnership between Africa and the international community, especially the highly industrialised countries, to overcome the underdevelopment

that has dominated Africa for centuries. Through this initiative, sub-Saharan African region will one day reach its developmental objectives.

In conclusion it is important to note that, there is some hope that the economic underdevelopment of sub-Saharan Africa will, one day, be regarded as history or something of the past. Considering the fact that majority of sub-Saharan African countries are trying their level best to achieve economic development through combined efforts of regionalism and partnership for development, the future for economic development in the region is bright.

## **6.2 Recommendations**

The following recommendations address the findings of this research study with a view of finding solutions.

- For sub-Saharan Africa to develop through a tool of regional economic integration, it has to pursue regional integration with a new determination to overcome parochial concern. Sub-Saharan African leaders, have to come up with decisions to rationalise regional economic integration for development. Multilateral institutions must be forced to work together with the political

heads, economic policy makers and foreign policy makers and to focus more of their attention on the key areas of development. Ways to deal with the debt crisis must be one of the key areas of concern and to achieve them, collective will power is needed.

- The international system on the other hand, should place their efforts in a longer term framework, they need to recognise that development is at the heart of sub-Saharan African region and that strengthening sub-Saharan Africa is a long process that need some time. With these recognised, the international system must help the region through the process of globalisation, democratisation and allow the sub-Saharan Africa to come up with its own economic policy as opposed to the dictation by the international system.
- Research is also needed to look into ways in which sub-Saharan Africa can easily adjust to developmental challenges posed by the international system, so that recommendations of such research can address barriers to globalisation and other challenges.
- More research must be conducted to look into problems that can be encountered in trying to implement NEPAD, because the

success of NEPAD as a development initiative is embedded solely on the working together of all African political heads.

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