The Politics of the Millennium Development Goals in Africa: Is Global Partnership Really Working?

Charles Mutasa
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IS GLOBAL PARTNERSHIP REALLY WORKING?

by Charles Mutasa*

INTRODUCTION

Some five years from the Millennium Declaration we are faced with the inevitable need to reassess the current levels of poverty, the instruments that are in place for tackling poverty, and indeed the constraints that must be resolved. The Millennium Development Goals (“MDGs”) represent an unprecedented commitment by all nations and institutions, including the International Monetary Fund (“IMF”) and the World Bank, to implement and realize the MDG targets that need to be emphasized at all stages. The global ability to realize the MDGs is partly dependent on the financing of such development. Aside from being affirmed as part of Goal Eight in the MDGs, such understanding has also been reaffirmed in the 2002 Monterrey Consensus on enhancing financing for development.

MDGs are unique in that they represent the first global compact among the heads of state of developed and developing countries, the United Nations system, the World Bank, and the IMF. The Goals have clear targets and achievable time-bound indicators of success, which can galvanize support among citizens and governments alike. Throughout 2005, with ten years remaining until the target year of 2015, civil society organizations, governments, and multilateral institutions will be focused on meeting the Millennium Development Goals.

“Northern governments are guilty of offering empty promises to the poor when it comes to TRADE, AID, AND DEBT RELIEF. While Least Developed Countries face a complex of problems... efforts to combat poverty have been systematically undermined by Northern governments. On trade, the industrialized countries have operated a policy of highway robbery masquerading as market access preferences.”


Background

Of particular importance to this article is Goal Eight, a late addition to the MDGs, which outlines Northern governments’ commitment to a global partnership for development. If Goal Eight is ignored, it is hard to imagine the poorest countries achieving any of the other seven Goals. Goal Eight addresses debt cancellation; trade justice; equitable governance in global institutions; and political, social, and economic rights for the poor. These issues are an indispensable foundation for policies that will enable sustained progress to end poverty in the South. It is an important goal for holding developed countries accountable in advancing the MDGs. This goal is particularly significant, as it requires richer countries to reform their policies and actions to contribute to the fight against poverty.

Developing countries, especially those in sub-Saharan Africa, will not be able to mobilize enough resources to attain the MDGs by 2015 unless there are radical changes in terms of aid administration, international trade, and the resolution of the burgeoning debt crisis. One big problem is the conditionality embedded in each country’s Poverty Reduction Strategy Paper (“PRSP”), the center and key to the much needed development aid. The poorest countries are required to prepare PRSPs, under the guidance of the World Bank and the IMF, in order to qualify for loans or debt relief. The PRSP itself is not an adequate funding criterion, nor is it an important tool in MDG attainment. The PRSP depends on a country having a Poverty Reduction

* Charles Mutasa is Executive Director of the African Forum & Network on Debt & Development (“AFRODAD”).
and Growth Facility ("PRGF") program and meeting all the conditions and benchmarks in the PRGF, which are not contained in the PRSP, but instead are hidden in the "Letter of Intent" (which lays out the IMF’s recovery plan) between the government and the IMF. Thus, the content of the Letter of Intent is crucial in attaining the MDGs. Unless the MDG targets are also included in the IMF and World Bank instruments, the attainment of MDGs will remain a dream.

It is important to note that the global structures that maintain poverty and marginalize the rights of the poorest clearly need reform, but the Northern governments’ approaches to the MDGs pay little attention to these major framework issues. The UN should play a strong role in regular monitoring of the donor countries’ progress on attaining Goal Eight. Additionally, the framework for Goal Eight reporting should be revised to include indicators on global governance and participation.

While a more equitable trade system is vital, donor ODA, along with substantial debt cancellation, provides the essential, additional financing capacities. This is particularly true for the poorest countries’ progress in reducing and eliminating poverty. Now is the time for the North to honor mutual commitments and obligations in a spirit of genuine solidarity. Such commitments are encapsulated in the Millennium Development Goals, in particular Goal Eight.

In this article, of particular interest are Goal Eight targets that:

- Address the Least Developed Countries’ ("LDCs") special needs. This includes tariff- and quota-free access for their exports, enhanced debt relief for heavily indebted poor countries, cancellation of official bilateral debt, and more generous ODA for countries committed to poverty reduction.
- Deal comprehensively with developing countries’ debt problems through national and international measures to make debt sustainable in the long term.
- Further develop an open trading and financial system that is rule-based, predictable, and non-discriminatory. This includes a commitment to good governance, development, and poverty reduction, both nationally and internationally.

Taking Nigeria as an example of an African country embattled with debt, trade, and aid issues, research reveals that four decades after its independence in 1960, Nigeria remains a poor country with a per capita income of $260 in 2000. At the dawn of the third millennium, approximately 70 percent of the population still lived on less than a dollar a day— an indicator of extreme poverty. Real gross domestic product (“GDP”) growth has remained sluggish, averaging 3.5 percent per annum since 2000. Nigeria is also a highly indebted country with total external debt exceeding $31 billion in 2003. The debt service burden remains crushing. Foreign aid in the form of ODA has been low and has declined during the past decade. In 2002, ODA per capita was less than two dollars, and total ODA was only 0.4 percent of GNP. Clearly, Nigeria would find it difficult to attain the Millennium Development Goals without massive assistance from development partners in the areas of aid, trade, and debt relief.

### Key Concerns with MDG Goal Eight

The African Forum and Network on Debt and Development ("AFRODAD") has identified several key concerns with Northern governments’ commitments to Goal Eight:

- Donors have not been responsive to LDCs’ programming processes. ODA disbursement is often late, in most cases coming after the national budget process. This delays the implementation of poverty-reduction programs. Donor funding is also inadequate and does not cover recurrent costs, which comprise the bulk of government expenditure in the priority sectors. For example, Tanzania’s debt burden is increasing at an alarming rate, even though it is on the HIPC Initiative. There is evidence that, even after the HIPC relief, debt sustainability levels will not be reached.
- Donor-imposed "Washington Consensus" policies remain at the heart of PRSPs. Donors increasingly use PRSPs as a guide to achieving the MDGs under the largely rhetorical claim that these strategies are "owned" by developing countries.
- Donor-imposed aid conditions affect the achievability of the MDGs in at least two respects: first, institutions like the IMF and World Bank use aid conditions to channel aid based on their assessments of compliance to their policy prescriptions. Second, bilateral donors channel significant MDG aid resources into highly conditioned budget support for implementing a country’s PRSP, or into sector-wide programs in support of a line-ministry program in education, health, or agriculture.
- The MDG approach can potentially encourage the development of a country-owned and credible long-term strategy for growth and poverty reduction. But the policy-making process falls far short of that potential. This is partly because implementation of the MDGs is still driven by the PRGF’s macro-economic framework, and the poverty-reduction strategy is pegged on the widely disguised HIPC initiative. Basic policy priorities and operational frameworks are also lacking and should be pursued under the MDG framework to break from the poverty trap.
- The government’s role in most African economies has changed radically after years of implementing World Bank/IMF structural adjustment programs. From once being a central player in the economy, the government has now been pushed to the sidelines where it is supposed to play the role of facilitator and provide only essential social services. Under the IMF’s Enhanced Structural Adjustment Facility ("ESAF") and later PRGF, the government has embarked on a wide range of public sector and parastatal reforms.
- Existing macro-economic policies insufficiently address social issues and poverty-reduction. Policy reforms have suffered from serious design weakness-
es in relation to African-type economies because they neglect the impact of structural constraints, the lack of economic and social infrastructure, the weakness of market development and the entrepreneurial class, and the low private-sector production capabilities. As a result, the new policy environment does not deliver high growth rates.

- Genuine ownership of national development policy, including PRSPs, is a meaningless concept without effective state capacities to control aid allocation, formulate policy agendas, and monitor outcomes. It is the lack of coordination on the part of donors’ aid projects in individual countries that undermines the sustainability of aid programs and negatively affects resource allocation and growth. Moreover, the volatility of aid-flows can result in financial instability and hinder stable macroeconomic development.

Aid Issues

Linking donor aid disbursements to donor country goods and services affects the quality of aid. It is estimated that aid-tying devalues aid for recipients by up to 30 percent. Aid-tying continues to be high for a number of donors, despite a recent Development Assistance Committee (of the Organization for Economic Co-operation and Development) agreement to untie aid to the LDCs. To illustrate, conditions, such as requiring the privatization of water systems in towns such as Dar es Salaam, were placed on aid to Tanzania. Action like this not only increases water prices but exposes populations to water-born diseases.

Donors dictate policies to countries through aid conditionality; failure to meet these conditions can justify delays in aid disbursement, suspensions of aid, or outright withdrawal. Such policies have made it difficult for poor countries like Malawi, Zambia, and Mozambique to use aid for sustainable development, including poverty reduction. Another problem is that donors’ priorities have not always been consistent with the government’s priorities.

Poor governance, political interference, and corruption have also affected the effective and efficient use of aid. In regards to aid to Malawi, the Danish Charge D’Affaires, Finn Skadkaer Pedersen, said that “a weak administration” and “systematic intimidation of the opposition” in Malawi have interfered with development programs since 1995. In return, Malawi’s former President Bakili Muluzi accused donors of meddling in African politics “by using their aid money to influence political trends on the continent.” Relations between Denmark and Malawi worsened late last year when an audit report instituted by Danish ambassador Orla Bakdal revealed anomalies in Malawi’s use of Danish aid.

Debt Issues

Debt continues to inhibit growth and wealth redistribution by reducing the amount of money available to governments for investment in social services and welfare. Debt service has resulted in a decline in the rate of economic growth that, in turn, has been associated with a decline in per capita income.

“Debt is tearing down schools and hospitals. The effects are no less devastating than war.”

– Adabayo Adeyemi, African Center for Development Strategy

According to data reported in the World Development Reports, Malawi’s GNP per capita appears to have risen during the 1970s and peaked at $210 in 1983. It thereafter decreased, reaching $160 in 1987. It then rose again, reaching the previous peak of $210 in 1992, ultimately rising to $220 in 1997. Since then, per capita GNP has fallen continuously and now stands at approximately $195. The decline in the rate of economic growth has been associated with a decline in education services that make it difficult to attain the MDGs. The increase in primary and secondary school enrollments has not been matched with a commensurate expansion in resources. As a result, classroom accommodation is inadequate, with many primary school pupils having to learn in outdoor settings. Boarding accommodation in secondary schools is also insufficient.

Healthcare has experienced a similar fate. The increase in budgetary allocation to the health sector has been inadequate to meet the needs of a rapidly increasing number of patients. This has resulted in increasing numbers of in-patients per government hospital bed, declining availability of drugs and other materials, and inadequate numbers of doctors in relation to the size of the population. The delivery of medical services in government hospitals and clinics has certainly become inefficient. Instead, government resources must go to debt repayment. The world’s poorest countries continue to pay more every year in debt payments than they receive in grants and loans, repaying an enormous £ 100 million every day to the rich North.

Sustainable debt-financing on the part of the developing countries is an important element for mobilizing resources for public and private investment. Exclusion of domestic debt and contingent liabilities in the debt sustainability analysis are a particular concern for the HIPCs because of their implications for fiscal resources available for financing poverty reduction.

The 2005 G-8 Debt Deal is a step forward and sets an important precedent in terms of granting a full cancellation of debt to all severely indebted poor countries. However, the deal only represents one-eighth of what Africa needs in terms of debt cancellation, because the deal only cancels $40 billion out of Africa’s burgeoning debt stock of over $330 billion. The $40 billion debt forgiveness “represents less than ten percent of debt cancellation required for poor nations to meet the MDGs in 2015.”

The plan is additionally insufficient in...
that it leaves out heavily indebted and impoverished middle-income countries. Furthermore, the eighteen qualifying countries are less than a third of countries that would need full cancellation in order to meet the MDGs by 2015.33 A prior press release issued by AFRODAD explained this problem:

The G-8 debt agreement does not address the real global power imbalances but rather reinforces global apartheid. The question of creditor-debtor co-responsibility of the South’s debt remains unresolved, as issues of odious and illegitimate debts continue to be swept under the carpet. It is not a lasting solution in which all stakeholders-debtors and creditors have a say. It is just a piecemeal measure that seems to deal with the symptoms of the problems and not the causes.34

Trade Issues

Africa’s share of global wealth over the last two decades has decreased tremendously on a number of fronts, even in an era of reforms. World trade, world production, net financial flows, and foreign direct investments have been hindered either by poor governance, the heavy debt burden, or by conflict and political instability.

Increased foreign direct investment is unlikely to help sub-Saharan Africa attain the MDGs, particularly, because attracting a constant stream of foreign direct investment is improbable. The strongest critics of foreign direct investment call foreign investors “whimsical,” “Afro-pessimistic,” and “unreliable partners.”35 South African president, Thabo Mbeki, made the following comments:

In our own country, we have been assured that our economic fundamentals are correct and sound. We have developed a stable and effective financial and fiscal system. We have reduced tariffs to levels that are comparable to the advanced industrial countries. We have reformed agriculture to make it the least subsidized of all the major agricultural trading nations. We have restructured our public sector through privatization, strategic partners and regulation . . . Yet, the flow of investment into South Africa has not met our expectations while the levels of poverty and unemployment remain high.36

Market access opportunities for LDCs can only be effective if LDCs are assisted in building their capacities to produce tradable goods of higher value and acceptable quality at competitive costs. Using the foreign exchange earned from primary exports, these countries must survive on exports of raw cashew nuts, coffee, tea, and cotton, while importing everything else in the form of industrial goods from abroad.37

LDCs’ chances to attain the MDGs are also harmed by the subsidies for agricultural products in developed countries, which pose an impossible challenge to most developing countries’ efforts to export farm produce to European markets. Yet, it is in this area where LDCs have a comparative advantage that would enable them to attain MDGs if given an opportunity for fair competition.38

Under the U.S. African Growth and Opportunity Act (“AGOA”), Africa has increased exports of goods and products to the U.S. market, especially textiles and clothing, nuts, beans, and tobacco.39 However, Africa faces a number of constraints in exporting to the U.S. market that will affect its ability to attain the MDGs. The problems include supply-side constraints, high administrative demands by the U.S. government, the high cost of credit, lack of diversification, and competition from low-cost producers of textiles and clothing (subsequent to the WTO’s decision not to subject Chinese exports to quotas.)

**Recommendations**

**To Donors and Developed Countries**

The global community needs to realize that placing exclusive emphasis on MDG targets, while delivering only development aid without more sweeping reforms, will serve to shift the blame once again onto the impoverished countries and their people when the MDG targets are not met. Rather, donor countries should instead refocus their actions and policies by using a more inclusive assessment of what it will take to achieve a sustained development away from poverty.40

AFRODAD suggests several goals that donors and developed countries should prioritize:41

- In order to be effective, aid should make a positive impact on income levels and on poverty reduction.
- ODA should be more predictable to allow for better planning. To date, the domestic resource base has proved more reliable and more predictable than external resources.
- Better coordination and harmonization of donor countries’ activities and the channelling of more resources through the budget process will ensure that money is used for programs identified as national priorities.
- Aid should be untied and donor countries should provide technical assistance for capacity building. Some donors have completely untied aid while others are still constrained by their national policies and laws.

**To LDCs**

Similarly, AFRODAD recommends that LDCs focus on the following principles:

- Maintain support to the priority sectors by increasing their budgetary allocations.
- Commit to increasing domestic resource mobilization, upholding the principles of rule of law and good governance, intensifying the fight against corruption, and putting in place an environment conducive to improving the effectiveness of aid and attracting investments.42
- Link trade policy with other government policy documents on poverty reduction and economic growth. Specifically, LDCs need to adopt appropriate measures to safeguard domestic industry and protect investors who are threatened by market liberalization.
To reduce reliance on imports for basic commodities, economic activities need to be protected in order to serve household demands.

- Improve the quality and quantity of exports. Capacity-building of domestic investors is needed to facilitate better product quality and quantity. Foreign direct investment should be encouraged in areas requiring high capital outlay, rather than in low capital sectors that are more appropriate for local investors.

- Retain the right to control investments and exchange rate regimes so that foreign direct investments and transnational corporations serve the needs of people by contributing to locally and nationally determined sustainable human development strategies. Financial liberalization and deregulation have left capital flows elusive to many governments and citizens in the South.

- Take steps to domesticate technical assistance. Much of the debt and ODA goes to technical assistance, but that technical assistance merely funds expatriate consultants and contributed little to domestic capacity.

To Civil Society

While NGOs in the past have concentrated on service delivery, many more are now engaged in social mobilization and advocacy, as well as serving as a bridge between local communities and government. Most donors have begun to regard NGOs as an effective way of reaching the poor and a mechanism for channeling a sizeable percentage of donor funds. AFRODAD recommends that:

- Social activists must pressure the government to undertake an audit (review) of each of the projects/programs for which the loans were incurred. Two reasons warrant such an audit. First, audits would enable the government to truly verify the genuineness of the debts that LDCs are servicing. Second, the responsible officers who contracted the odious loans and/or those who expended them should be prosecuted. Encouraging this action would help social activists signal to the government the seriousness of accountability, as well as cure the country’s battered image.

**Conclusion**

The implementation of MDGs will require substantial, new, and additional resources from both domestic and external sources. Strong commitments are required from developed countries, LDCs, and civil society.

The key issue in trade development is the need to address supply side constraints. The market access opportunities for LDCs can only be effective if LDCs are assisted in building their capacities to produce tradable goods of higher value and acceptable quality at competitive cost. The MDGs will be difficult to attain for a debt-sustaining African country surviving on exports of raw cashew nuts, coffee, tea, and cotton, while importing everything else in the form of industrial goods from abroad.

For many African governments, close collaboration among the different stakeholders is necessary to meet the MDGs. Key actors include the government, civil society organizations, the private sector, and the donors. At the moment, a framework for collaboration among the various players does not exist, and clarity of roles is lacking. Therefore, a need to develop a collaboration framework will be especially crucial for resource sharing and reviewing progress. MDGs should be explicitly situated within a framework of existing human right treaties, such as the International Covenant on Economic, Social and Cultural Rights, and state rights, such as the right to development. This focus on rights stresses the obligations of all states, including Northern governments, to prioritize their responsibility to take specific steps toward progress on social and economic rights for all.

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**Endnotes: MDGs in Africa**


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**Endnotes: MDGs in Africa Continued on page 77**
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33721_35317145_1_1_1_1_00.html (last visited Oct. 31, 2005).  
19 See Tomlinson, supra note 6.  
21 See Critical Appraisal, supra note 18, at 7.  
24 Tenthani, id.  
25 Tenthani, id.  
33 Id.  
37 See Mustasa, supra note 11.  
41 See Critical Appraisal, supra note 18.  
42 Kikwete supra, note 41.