REPORT
AFRODAD/KENDREN Regional Campaign Launch on the Fair and Transparent Arbitration Mechanism on Debt.

The Heron Hotel, Nairobi Kenya.
22-23rd May 2008.

Launch objectives

The meeting was called to order by Kiama Kaara, Programme Manager at KENDREN. After highlighting the essence of the meeting and thanking all participants for availing themselves for this important conference on a critical issue facing Africa's development landscape, he articulated the base house keeping issues that would facilitate a smooth running of the conference.

Introduction

Official Launch and opening - *Wahu Kaara, Executive Director, KENDREN*

The Launch was officially opened by Wahu Kaara, Executive Director, KENDREN. In her opening remarks, she made a concerted argument on the critical need to interrogate the African development paradigm. Why in Africa, amidst all its riches, our people continue to languish in abject poverty.

Quoting from a breadth of available data from different sources; the World Bank, IMF, United Nations specialized agencies, scholars and development organizations, she made the point that certainly Africa was facing a bleak future. At this day and age, it's the only continent that continues to post marked reversals in terms of Human Development Indicators. Correspondingly she argued, this pours cold water on most of the initiatives that in the offing to change the lives of the African people. The capacity for Africa to attain the MDGs and other social development capacities is still a big challenge.

Giving a quick run down of the historical construct of the debt crisis facing Africa today, she opined that Debt was a power relation issue and a construct of a control and domination relationship between Africa and the countries of the North. She highlighted that it was important to use debt as an entry point to challenge the mainstream development paradigm and global financial architecture that continues to saddle African countries with an unpayable debt burden that removes resources' from social infrastructure investment.

Commanding a deep clarity of the foregoing Debt initiatives and tracing the growth, rise and development of the Debt movement on the continent, she posited that gains have been made but these are still not significant enough to reverse the trends. As such, it is important to continue with the campaigns, advocacy and research to bolster the debt campaign agenda.

Specifically on the Fair and Transparent Arbitration process she argued that time was now to launch our arguments in a legal framework that can push forward our demands. Arguing that we need a more radical approach that eschews the values of social welfare manifestation she revisited the questions around power relations and gave a detailed presentation on the reasons why this obtains. Citing credible examples from the Congo, Sudan, and Nigeria, she articulated these countries as the most glaring microcosm of the perverse 'Resource Curse" that envelopes Africa. Where Africa resources and wealth don't benefit the African people but benefit those of the west and a few who control the reins of power and privilege in Africa. Speaking to the failures of the African political and economic elite which in the words of Walter Rodney ;act as a "transmission line" of global capital, Wahu called for a concerted Africa's people struggle and mobilization to right these wrongs. Using a more contemporary example of the Post-Election violence in Kenya she opined that the underlying issue was not the narrow ethnic parameters but how resources are organized, allocated and accessed.

Locating arbitration as an innovative way to enhance our capacity to make decisions about our lives and challenge the net failure of control and domination on the basis of those with the power she insisted that a more democratic approach should entail addressing the question of "Where do we locate the decision making in relation to the African people?"

Calling the Fair and Transparent Arbitration (FTA) process handy and timely she called for the need for us campaigners and actors within the debt and development thematic to concretecize our energy and efforts within a legal process and in so doing contextualizes our case. Reminding the conference that the base issue is not dictators, kleptocrats and corruption (though this deepen the crises) but it's about the international economic architecture which is unequal, skewed, and modeled on perennial loot and plunder typology.

The perfection of over consumption/under consumption divides in the world today are bound to fray the fabric of social cohesion and solidarity and the discourse should be founded on not just arbitrating for Africa but for Peace and Justice for the whole world.

To Wahu the FTA will of essence have to incorporate perspectives on the debate of our age- Poverty and Climate Change and must be founded on a passionate quest on issues of Justice for all. Through research, policy analysis and grounded campaigns and advocacy we must breath life and energy to the FTA process, own it, drive it and comprehensively make the case and agree that not unless we seek solutions ourselves, no one will do it for us. This is a Global issue and by launching the FTA process which is an innovatively and African inspired, owned and driven process, we are in a noble but magnanimous way proffering solutions to world that is running out of ideas that sustain life and are not beholden to the orthodoxy of a market drive, neo-liberal framework. We need to appreciate and understand one another and we must not only work together but for each other. We must of necessity put our energies and create opportunities as we seek solutions founded on the notions of justice, partnership and equality.

The FTA process must be seen as a qualitative and quantitative forward movement and a key to unlock our potentials for Africa has the challenge to redefine the world, a world centered on Equity in Partnership.

The Rationale for Debt Arbitration and the Failure and Weakness of the Current Debt Relief Initiatives – *Charles Mutasa, Executive Director- AFRODAD*

Charles made an insightful power point presentation locating the rationale for debt arbitration as an innovative process that needs support from all involved in the debt and development realm. Contrasting this through robust facts and figures, he isolated the critical inadequacy of the foregoing debt relief initiatives. Underlining the magnitude of the debt crisis facing Africa today, he noted that as of 2004, third world debt reached US$2.6 trillion representing a graphic obscene five fold increase since 1980s.

Exploding the myth that there has been a remarkable debt reduction through the ongoing initiatives, he insisted that debt cancellation was still of critical importance and a lot more still needed to be done. Notable examples were; The Millennium Summit 2000 and Financing for Development Conference 2002 as responses to poverty reduction still need to increase aid and have more debt cancellation, but there was still a gap and lack of consistency in keeping with the promises made by the rich nations.

The engagement of the Highly Indebted Poor Countries Initiative (HIPC) process is still overshadowed by an increase of debt and the lingering fear that even the countries that have benefited from this albeit marginally still face the risk of slipping back to debt since the fundamentals that make the crisis to obtain have not changed and in some instances they have increased.

Of note is that Non-HIPCs with heavy debt burdens like Nigeria, Kenya and Iraq, suffer from the indignity of having their relief/cancellation initiatives drawn on the basis of flawed judgment that is based on the perceived wealth of the nations, which in essence continues the ascription to the same norms and economic fundamentals that sustain the drain.

The much celebrated 2005 G8 Gleneagles debt deal continues in the same tradition of keeping the “devil in the details”. Especially if you look at the G8 deal for Post HIPC countries, cancellation of 100% WB/IDA, AfDF, IMF debt providing relief of $55Billion, the whole process is hinged on a bilateral level which makes it uneven and even worse since some of the key players were excluded.

On the implications of the Multilateral Debt Relief Initiative (MDRI) for Africa, Charles noted that; Only US$ 40 billion out of US$330 billion has been cancelled. Middle Income countries have been excluded. Illegitimate and odious debts have been conveniently left out.

Its based on the International Financial Institutions (IFIs) version on debt sustainability analysis (DSA), which is blind to the varied dynamics and realities of various countries and doesn’t make too much sense been applied as a “cut and paste” across the board.
Real financial benefits may be limited. Only 3 out of19 multilaterals are involved which undermines and negates coherence. Private sector debt not covered. Domestic debt not considered. Limited in terms of scope.

Vulture funds are not considered and they are emerging as a retrogressive instrument of undermining any gains made as shown by the case of Zambia. Going through the HIPC surgery before relief is too rough versus the fast tracking treatment that the MDRI is enjoying. Debt relief is now counted as aid which is a way to mask the commitments that have been made. There is a considered opinion that it's too aid dependant with no clear exit strategy. It has no provision for policies for prudent debt management and curbing graft

Turning to the key issues for Civil Society Organizations (CSOs) engagement and the rationale for the FTA, Charles projected that there was a critical need to advocate at the international level. There must be a considerable insistence on debt audits, a call for a fair and transparent arbitration process that is modeled away from the current frameworks where the creditors are both "judge and jury" and consideration for the cancellation of ecological debt.

Addressing the question Why the case for an FTA? Charles pointed out the need to deal with unequal power balances affecting creditors and debtors. Resolve socio- economic injustices. Apportion debt crisis responsibility. Deal with past debts. Establish a mechanism to deal with debt problems now and in the future.

The underlying assumption is that debtors and creditors have different views towards the debt crisis and Arbitration is the last bastion to deal with this disconnects which is built on a presumptive power relation dynamic.

Highlighting that the conference today is part of the ongoing work by AFRODAD on the FTA and that this was informed by the need to broaden the dialogue across Africa and offer the space for a national processes to take on this campaign, Charles enumerated that AFRODAD had carried out various activities and publications so far which included; two Occasional Papers; Linking FTA with MDRI, Campaign to cancel odious debt and illegitimate debt, 10 dossiers/ case studies, 5 case studies on the role of IFIs and impact on Zambia, Cameroon, Tanzania and Malawi and Nigeria stolen wealth, Illegitimate debt cases: Democratic Republic of Congo (DRC), Argentina, the Philippines, Indonesia and Ecuador. Five civil society FTA country based commissions; Zambia, Malawi, Tanzania
Cameroon, Mozambique.

In his closing submission, Charles noted that the current FTA process was an important engagement process and there were a host of planned activities to bolster the campaign and take it to the next level. Of note, the need for strong national processes as the foundation for the campaign was emphasized. But in broad strokes, the projected work rested around; FTA campaign at national level (Nigeria, DRC, Argentina, Indonesia and Philippines). Packaging of FTA campaign materials, literature and information kits.
FTA tours to solicit support for regional and international institutions and governments.
International FTA campaign conference in 2009. AFRODAD will engage in follow up campaign meetings with Northern partners in Europe and USA

Complied dossiers/case studies that could be used in the envisaged arbitration process. *Presentation by Tirivangani Mutazu, Programme Officer -AFRODAD.*

The presentation started off by enumerating the number of case studies that had been conducted and also the upcoming ones that will cover countries across the world. The principle idea is to collect studies and material from a host of different countries and make a synthesis of the same. Through a team of eminent persons from across the world with key competencies on the issues around debt and development and who can make a pitch for the FTA as a viable process to address the debt crisis, this outcomes will be presented to specific regional bodies and the United Nations.

The underlying focus of the cases is to concretely, comprehensively and factually show the irredeemable damage that debt driven and debt sanctioned economic modeling is having across the African landscape and across the world especially in the global south.

Through a concrete historical construct, a persuasive case on the ravages visit on whole civilizations at different epochs will show the failures of the debt crisis as it were and why there is an urgent need to "think outside the box" and address the issue in a more innovative approach.

In 2005, AFRODAD started building up 10 good cases that would be viable for a free and fair arbitration by an international Debt Tribunal under the auspices of the United Nations. The idea was that five cases will deal with illegitimate and odious debts and five with the role of international financial institutions in the development processes. The Claims will be deposited with the Secretary General of the United Nations and the African Union (in the case of Africa) calling for these to be discussed as the beginning of the arbitration process. The 10 cases principally cover countries in Africa, Latin America, and Asia.

Role of the International Financial Institutions

The arbitration dossiers/case studies do cover five cases dealing with the role of the International Financial Institutions in the development processes of African countries resulting from pushed privatization/investment projects in Zambia, Cameroon, Tanzania and Malawi. These dossiers for a Fair and Transparent Arbitration mechanism demonstrates that the International Financial institutions' insistence and experimentation with privatization did irreparable damage that still affects the country's ability to stand on its economic feet today-years after such programmes were abandoned. Poor families suffered from the reduction in subsidies and disconnection from services when they were unable to pay. To many it meant a denial of basic human rights and in most cases it carries irreversible life impacts. After years of inflicting pain and suffering on the poor and helpless masses, it is now clear to the advocates of privatization, especially the World Bank and the International Monetary Fund that the state remains the dominant provider of health, education, water and electricity. The International Financial institutions are still responsible for the development set back and its consequences. They owe the affected a form of recompense. Cancelling debts and mere policy shifts are not enough. Most of the public providers of utilities in these countries need substantially more financing, especially for investment in extending service provision. They are trapped in a vicious circle of deteriorated infrastructure, high system losses, high costs and low revenue.

There is empirical evidence that poverty and poor standards of life in many third world countries are directly attributable to the interventions and policy advice from the multilateral and bilateral aid agencies.

Currently, the third and moral worlds are up in arms against the two institutions for the negative impact of the structural adjustment programmes and the conditonalities that are associated with them.

The conclusions suggested by this case studies indicate clearly that countries such as Zambia have legitimate cases against the IMF and World Bank for reparations. The reparations are to compensate for the wrong wrought upon Zambia for following the adjustment programmes.

The Zambian case study establishes that the overt and covert intervention of the IMF, World Bank and the donors in the Zambian privatisation project is responsible for the reversal of all the economic and social gains that Zambia had achieved since independence in 1964. The strong industrial base that had been created through the public sector was destroyed. At the same time, there was massive capital flight and disinvestments leading to loss of employment and poverty. The interference by the IMF, World Bank and donors in the management of the privatisation programme together with the fast-tracking of the programme had far reaching negative consequences on the economy of the country. The Zambian government was compelled to embark upon a radical privatisation programme when the conditions for privatisation were clearly absent.

As a result of the poor privatisation, the programme failed to achieve its objectives. In addition the country lost revenues due to [deliberate] under pricing of public assets and enterprises; poverty rose sharply due to losses of employment and lack of markets for local agricultural and industrial products while the country lost technologies, acquired at high cost, due to liquidations of industrial and service sectors enterprises [e.g liquidation of Zambia Air ways].

As regards policy advice on education, the case highlights the fact that the reduction of subsidies to education at the same time that the country was attempting to meet the World Education for All targets resulted in a serious dilution in the quality of education at all levels. Attempts at increased enrolments without any infrastructural developments resulted in overcrowded classrooms without adequate teaching aids with demoralised and de-motivated staff due to low salaries when prices of goods and services, including accommodation had been deregulated. The high costs in government schools forced poor parents to seek alternative facilities in community schools. Community schools provide only basic literacy lessons.

In Tanzanian case reveals that, privatization was launched in 1993 as a policy conditionality from the IMF. The Executive Chairman of the Presidential Parastatal Sector Reform Commission reported that by 2001, over 300 parastatals had been privatized to local and foreign investors. By 2003, more than 380 of the 410 state owned companies had been privatized, including large enterprises, such as the port container terminal, part of the telecommunications company and the National Bank of Commerce. Furthermore, the agriculture and infrastructure sectors are increasingly coming under the private sector through privatisation, concessioning of assets for private operation and new entry.

As is the case elsewhere, privatization in Africa including Tanzania has been intended to cut waste, improve economic efficiency, stimulate the private sector and mobilize more foreign and domestic investment. However, the process has been fraught with problems and controversy. The IMF and World Bank in particular pressurized Tanzania, and other countries, as part of their push for structural adjustment to privatize. Privatization was put as one of the conditions for a country to receive the HIPC debt relief. The pressure to privatize the Dar es Salaam Water and Sewerage Authority (DAWASA) in Tanzania provides one example of such donor pressure.

The forms of privatization in Tanzania have ranged from outright sale of government's entire stake, to partial sale to concessions, leases, and management contract, to hiring off and sale of non-core business activities, to the opening of previously restricted sectors to the new private entrants. Generally, in some cases however, stakeholder participation was limited and there was lack of credibility including poor treatment of retrenchees in terms of their benefits, valuation of assets and lack of assistance to indigenous Tanzanians.

In Tanzania the benefits include the fact that foreign investors have invested in some manufacturing industries and brought in capital, new technologies and experience that have helped improve the performance and competitiveness of the respective industries. The other benefit is increased government revenue from taxes paid by private sector industries. However, benefits from the privatized utilities such as DAWASA and the Tanzania Electricity Supply Company (TANESCO) are still minimum, if any, as their performances are still way off below expectations. The cost from privatization and the associated cost-sharing for social services led to diminished access of vulnerable communities to basic health and education programmes.

In Tanzania the amount of proceeds of privatization that was allocated to government is not known well. Furthermore, there was no special allocation from the privatization proceeds to social projects, schools, hospitals, and immunization programme.

The Malawi case examines the general performance of structural adjustment programs (SAPs) in Malawi. In particular, it considers the adverse impact that SAPs have had on citizens' basic human rights as well as on social service provision. After good economic performance between 1964 and 1979, characterized by a high average annual rate of economic growth and macroeconomic stability, the economy of Malawi suffered from internal and external financial imbalances and a lower rate of economic growth from 1980. The fundamental causes were the oil price crisis, adverse terms of trade and external debt burden. The immediate causes were drought and closure of short rail routes to the sea, which resulted in a sharp increase in the cost of external trade.

The Malawian authorities approached the IMF for assistance for covering the balance of payments deficit, which they got through a series of stabilizations credits; and the World Bank for economic reforms since the problems were believed to be structural and hence long term in nature. Among other things, stabilization programs put ceilings on external and domestic borrowing, while emphasizing expenditure control and measures for increasing government revenue. Economic reform programs (ERPs) aimed at increasing economic efficiency and removing constraints to economic growth by improving price incentives, removing fertilizer subsidies, removing price controls, liberalizing production and marketing of crops, introducing or increasing user fees for education, health and other social services, and privatization of state owned enterprises, among other things.

The case shows that ERPs have led to an increase in poverty and food insecurity, thus violating human rights. They have also affected the provision of social services, thus adversely affecting access to them by citizens whose human rights have thus been violated. This validates the illegitimacy of foreign debt.

The Chad-Cameroon case

The Bank's Environmental Assessment Policy states that "A full EA is required if a project is likely to have significant adverse impacts that may be sensitive, irreversible and diverse," yet irreversible impacts that include: desertification, soil salinization, pollution and adverse health affects from pesticides and fertilizers, groundwater depletion and pollution has been casued in many places without recourse to the hurt. In many cases well-documented policy violations call into question the Bank's commitment to compliance with its own "safeguard" policies.

The construction of the Cameroon-Chad pipeline relied on debt financing provided by the World Bank Group through two of its agencies, the International Bank for Reconstruction and Development (IBRD) and the International Finance Corporation (IFC). Former president of the World Bank Group James D. Wolfensohn stated, “the Chad-Cameroon project reflects an unprecedented collaborative effort between the Bank Group, the consortium of private companies and the two governments.”

The case of Cameroon-Chad pipeline demonstrates that the World Bank is ill-suited to the democratic, locally based environmental management advocated by most developing countries and environmental groups. The bank’s ill-informed and technically misplaced projects still affects and disadvantages families in Cameroon- the contamination of local water sources used for drinking, agriculture, and fishing. Cancellation of multilateral debt is not a panacea to the health and environmental concerns of poor families. The pipeline’s exit point at Kribi threatens a fragile marine ecosystem with great tourism potential. If an oil spill were to occur, it would obviously be disastrous for the surrounding communities. Many have expressed concern that the pipeline will not be maintained to the level required in more developed nations.

Illegitimate and odious case studies

For the other category of illegitimate debts five dossiers/case studies were done. One deals with the case of Nigeria’s stolen wealth which has been deposited in Swiss banks during the military rule. The other four illegitimate debt cases deals with the illegitimate debts in the DRC, Philippines, Argentina, Ecuador and Indonesia. The studies have generally indicated that debt can be considered “illegitimate” from various perspectives: ethical, financial, legal and social. The flagrant violation of human, economic, social and ecological rights caused by the debt makes it illegitimate, unjust, immoral and unrepayable. They contain overviews of the socio-economic situation in the selected countries and perspectives pertaining to illegitimacy of the countries’ debts. From the economic point of view, these countries serve as examples of countries that Creditors, private or governmental, eager to obtain financial benefits for the development of their countries, agilely issued credits to countries with low levels of development, without considering their actual ability to pay or the long term limitations they face. The illegitimacy framework provides a more encompassing range of arguments for debt cancellation and a solid basis for debt arbitration. This framework is not only based on a critical, holistic and rigorous understanding of historical and current realities around the debt issue, but it is also a perspective that strengthens Southern peoples' claims that they do not owe these debts and therefore do not have to pay them.

The Democratic Republic of Congo (DRC) is a post-conflict society, experienced 33 years of Mobuto's rule that meant the absence of an institutionalized and structured way of handling its political and economic matters including loan contraction and debt management processes. Mobutu individualized state apparatus and consequently procured loans for selfish gains without been accountable to parliament. He also worked with western governments and the United States during the cold war era to bloc the advancement of socialism in the central African region, making it possible for him to indulge in irresponsible lending and putting up projects not necessarily required or suitable for his country. Such unfinished or elephant projects include the Inga dam, Cité de la voix du Zaire (radio and television tower), the Sozacom tower among many others. Mobutu himself is said to have became three times richer than the country he was heading. He could give personal gifts out of state coffers to his western friends in Europe or America despite a background of massive poverty and hunger among his own people of the then Zaïre. This study shows that loans extended to the DRC by the international financial institutions (IFIs) and bilateral donors did not serve people's basic needs and reflect their development priorities.

Nigeria has been on the spotlight in issues of official corruption especially prior to the Obasanjo civil administration. Military rulers have not shown remorse in siphoning state assets for individual benefits. On the other hand the Western financial institutions have managed to keep it confidential and remain aloof when African leaders stole funds and bank them with their European banks. This case study of Nigeria serves to show that a Fair and transparent arbitration mechanism to deal with issues of stolen wealth are worth pursuing if Africa is to liberate itself from exploitation and deprivation of its rich resources. A call has been made by the civic body that international conventions and standards be agreed upon at UN level to arrest such illicit behavior. Anti-corruption treaties are the key to getting back monies stolen from African countries, embezzled by the likes of the military junta of Sanni Abacha in Nigeria

Large part of the **Philippine** foreign debt is illegitimate. When Marcos assumed presidency in 1966, the foreign debt of the Philippines stood below $1 billion. When he in 1986 the country had a foreign debt of $28 billion. The borrowing binge of Marcos set off the debt crisis that succeeding administrations and the Filipino people have had to pay at the cost of being denied the right to access basic social services. The Philippines never recovered from its fiscal woes ever since, in spite of painful restructuring under the tutelage of the International Monetary Fund (IMF) in exchange for the moratorium and additional funding.

The case reveals debts that Filipinos ought not to repay because they never benefited from the loans. These Debts were incurred by Marcos and creditors acting illegitimately, loans misused through corruption; Debts incurred from illegitimate loans of projects that did not benefit the people as was intended. This study argues among other things that it is only through demonstrating by case evidence that the debts are illegitimate and establishing a debt arbitration mechanism that such cases can be addressed between creditors and debtors.

Indonesia was devastated in 2004 by a tsunami and has a debt burden of $132.2 billion in 2005 to foreign creditors including the World Bank, International Monetary Fund (IMF), Asian Development Bank, and the Paris Club. Odious debt analyzed in this Philippines case study, showed that creditors engaging in irresponsible lending.

The case of **Ecuador** reveals ongoing policy of deprivation and subordination of indebted countries by more industrialised countries, translational corporations (TNCs) and international financial institutions. A massive and criminal indebtedness has worked as the main mechanism through which resources are stolen.

As a consequence**, Ecuador** is the Latin American country devoting the highest part of its budget to paying back its debt, which has an impact on public expenditure, notably health and education. In 1980, 40% of the budget went to health and education expenses and 15% to servicing the debt. In 2005 the situation was reversed: the government spent 40% of the budget on servicing the debt while health and education expenses amounted to no more than 15%! [1] These figures clearly indicate the priorities of successive former governments when they distributed resources: those who had to be satisfied first were the creditors, no matter if it was detrimental to the most fundamental needs of the people.

The **Argentine** people serve as an example of those in the global South who have paid much more than they ought to have for a debt that was not contracted for their benefit, but rather for that of domestic and foreign speculators and financiers, who today applaud the resumption of deposits in their accounts. It is a debt that, despite being illegitimate and illegal, has been paid many times over. The country has not benefited from the 2005 Multilateral Debt Relief Initiative either.

The above cases will be presented as evidence for the need and cause for a fair and transparent arbitration process. Surely these are cases that need to be taken to an Arbitration Court. It will be up to the Arbiters to judge whether people's lives and well being is better than economic policy espoused by the World Bank. If the people win, then the bank will have something to learn and if the people lose, then they will have something to learn too.

[1] « Auditoría ciudadana de la deuda ecuatoriana », a lecture by Hugo Arias during the First International Symposium on Public Debt, Caracas, Venezuela, 22-23-24 September 2006.

Building Development Capable States in Sub- Saharan Africa: A case for Fair and Transparent Debt Arbitration as a Credible Tool For Prevention of State Failure, Good Governance and Sustainable Development. *Dr. Akongbowa Bramwell Amadasun, Benson Idahosa University, Benin City, Edo State, Nigeria.*

Dr. Akongbowa started off by emphasizing that his statement problem was constructed on the idea that Gross Domestic Product (GDP) cannot sustain debt repayments. His theoretical frame work focus as such centered on; illegitimate and odious debt; appropriate loans or conditions and unacceptable loans and conditions.

On the Fair and Transparent Arbitration process he argued that this refers to a situation where all parties are given equal opportunity before an arbiter. Procedures for debt negotiation should be fair and transparent.

Sustainable development is use of resources in a prudent and constructive manner that leaves enough for future generations to use. There should be a balance between economic viability and environmental sustainability founded on the notion of generational equity. This should take hold on contractual approach or a representative class action and statutory approach. FTA should be a platform pushed by CSOs but key groupings should be focused to take role of arbiters. The use of the regional facilities should compliment that role of the UN.

Do you trust the Pan African Parliament as an arbiter? These are representatives of the regional discussion and only they can push the debate to the international platform. It is only when they hold debate that we can get credence of the debate. But again it is the key role of the CSOs to help hold this front.

The Sovereign Debt Reduction Mechanism (SDRM), is there specific analysis highlighting on the flaws and achievements? There does exist some glaring flaws, but these should be on the levels of partnership on the arbitration between creditors and debtors.

What are the feelers on the terms of ownership? How do you speak to the national character of FTA? The national assembly is the bastion for the debate and a large level and focus on sensitization should be achieved for only then can the complementary role of the CSOs be achieved. The national platforms within this level should be constructed in a way that parliament mostly works on waves and does not accommodate the views that are key to drawing the national agenda. Hence a fusion of popular support, advocacy and lobbying and targeted campaigns will compel Parliaments to listen and take this on as a national debate.

How do we engage with more platforms to build synergy within CSOs? How do we tap to the wealth of grass root organization?
Initiating dialogue at the grassroot will ensure the localization of the debate to ensure that the national process will feed into the regional and international platforms. There is need to consider the role of local financial lenders, who set the conditions set out by the World Bank and IMF.

Parliamentarian's Role in Pushing for FTA. *Dr. Titus Thwala, Member of Parliament, Swaziland.*

Dr. Thwala submitted that indeed parliament as the peoples representative body needed to do a lot more in pushing the agenda of the people. Noting that this was a glaring gap in parliaments across the African landscape, he argued that it was time that the political leadership across the African body politic became true to its billing of "peoples representatives."

It was his considered opinion that the failure of the political class in pushing a people centered agenda and position was a lingering failure of our collective political process. Using the example of the MDGs, he noted that very few countries are on track to achieve MDGs and it was imperative to find out why.

But while this dampens the spirit of the people, there are also considerable changes happening with more proactive parliamentarians rising up to this challenge and it was his feeling that if a unity of purpose was developed between all the relevant stakeholders; Parliament, The Executive and the Civil society it was possible to remove the shackles of oppression and dispossession.

Turning to the gist of his presentation, he noted that in the1990s Foreign Direct Investment (FDI) was seen as means of development but today a cursor look on what is obtaining does not support this view. He noted that debt mechanisms that are promulgated today have little support especially from the people that they are meant to intercede for.

What are the challenges for Africa?

Conflict, as seen through the indifference of the suffering of others, poor governance, corruption and the integral manifestation of poverty across the board as the dominant theme of African people's lives is a glaring omission. And today climate change emerges as another site of contestation.

In terms of seeking justice and redress it is important that parliaments across the continent log onto the various initiatives that are proposed to mitigate for such conditions. The FTA process needs of essence to be seen from such lenses. As an innovative and ground breaking civil society initiative that warrants collective support. By drawing on the specific competencies and capacities of stakeholders like the Civil Society, parliaments stand a greater chance of engaging in a richer, productive and result oriented engagement.

For Parliamentarians to make a lasting contribution and facilitate the FTA process to cover greater ground, they will need to define their roles within these parameters; Lobbying of creditor governments, sensitize their own governments on the atrocities of the debts, sensitize regional and continental institutions like the East Africa Legislative Assembly (WALA), the Southern Africa Development Cooperation (SADC) Parliamentary Forum, the Economic Community of West African States (ECOWAS) Parliamentary Forum and the newly created Pan African Parliament. Enhance their capacities and those of their compatriots to lobby and to follow groundbreaking initiatives like that of Norway which has taken a lead in canceling Illegitimate Debts of five countries. There is need to enforce legislative benchmarks that are binding and speak to specific issues of loan contraction, public borrowing, budget formulation and resource expenditure that conforms to prudent fiscal and monetary discipline to check misuse of public resources and promote thrift.

Plenary Discussions

A plenary session followed with questions, comments, clarifications and contributions from the participants enriched the dialogue.

i) Is the revitalization of the IMF a key platform to engage with the FTA?

It was felt that CSO should continue challenging the IMF, recognizing that African realities are very different from Latin America and Asia. A concerted global campaign and solidarity process is needed but it's important for African actors to locate the African reality. Its important to push for reforms with the IMF. China and its emerging influence in Africa which should mark the new phase of international engagement for the FTA.

ii) With the move by the AU to have an African Bank is it a threat to FTA?

The FTA process is not in competition with other initiatives and nor does it try to upstage the banking/financial institutions. The FTA is geared towards seeking a more coherent and workable framework to address the debt crisis and is centered on the strength of a process that brings together both the debtors and creditors to seek a lasting solution.

ii) The debate for the revitalization of the aid architecture, is it an opportunity to engage FTA?

The FTA is a holistic process and will certainly take in context all the other issues that are central to the debt question. The aid architecture is one such realm whose interrogation and re-organizing, especially the ongoing build up to the High Level Forum on Paris Declaration on Aid Effectiveness (HLF3) in Accra in September 2008 has a lot to offer. But the sum total is the question of aid as it implicates on the financing modalities that contribute or deepen the debt crisis and the implications thereof.

iv) The debate on the constitution of the board of IMF is it an opportunity for FTA?

Yes. Since these are the reform issues that are pertinent to how the IFIs at large conduct their business and this has a direct bearing on the outcome of the debt process.

v) Is it an opportunity to engage with the UN is it key for FTA?

The UN as the only representative body bringing together all countries and is the projected end site of presenting the FTA case and the attendant proposals. The expectation is to have a discussion at the UN level by presenting the FTA case and push for a resolution that would support its creation as a specialized UN agency akin to UNCTAD or such other.

vi) How independent will FTA be, in line with divergent views?

The idea of having the process anchored within the UN is to hold on the basis of autonomy and non partisan positions that are pretty much available within the UN. There is a judicial system within the UN that does not take care for socio-justice issues like debt.

What is the level of the campaign for people to own it?

Campaign is at national and regional level as such this meeting is to draw to the campaigns strategy for the region through AU and at International level where the UN will be key. The debt service ratio for some countries within MDRI is that they are paying more than they did before.

How do we link FTA with the other similar process?

Opportunities should be sought for those processes that would add value to both the visibility and enforcement of the FTA but not those that derail it.

What are counter arguments towards the FTA?

As a new idea certainly there are those who have divergent and different opinions. But as a formidable alternative, the motive is to cultivate more ground by pushing the campaign further and logging in support from a cross section of actors. That way, a more concerted campaign strategy will be built. It will not be a one off easy task but with the right clarity and direction it will come to pass just the same way some year's back talk on debt cancellation, illegitimate debt, ecological debt, etc didn't find much favor. But today across the spectrum it is acknowledged that debt is one of the critical issues.

FTA Campaign strategy formulation and planning sessions.

The sessions brain stormed around the campaign strategies. Specific questions on;
- What are the campaign strategies?
- How will we do it?
- Is there need for more research?
- Is there existent work that is connected to the FTA campaign?
- How best can we sell the FTA message?

Group Discussions

The group discussions were guided the following questions

i) What campaign and lobby strategies should be adopted?
ii) What are the perceived opportunities and challenges at the national and regional and international levels and how do overcome them?

National Level.
- There is need to create awareness on the debt arbitration issues and why it is sustainable way to deal with the debt problem

- The media need to be incorporated in the campaign so as to raise people awareness and understanding of the debt crisis and debt arbitration.
- Citizen debt audits need to be carried out, to reveal how much countries owe. How much debt is odious and illegitimate? The challenge is that debtor governments are not comfortable revealing such debt information.
- Grassroots mobilization and incorporation of the labor movements as they are another way of reaching huge numbers and popularizing our work and outputs.
- Debt arbitration seminars need to be conducted for pressure groups and debt arbitration publications distributed for free.
- Mobilization for support for debt arbitration could be done through political parties and universities.
- Partnerships with parliaments and parliamentarians need to be formed.
- Lobby visits to Debt Management Offices or Ministry of Finance need to be started.
- Strengthen linkages with the faith Based Organizations (FBOs). A strong secular-faith linkage is of utmost importance due to reaching out to the large constituency of the FBOs and the FBOs drawing from the specific competencies of the CSOs.
- Develop a simple but well grounded petition sign on campaign statement at the national level that is used to mobilize support from the citizens.

Regional Level

- AFRODAD come up with a newsletter explaining and demystifying the FTA mechanism.
- Engage Regional civil society and professional organizations working on debt and development issues or the broader economic justice issues to mobilize support for debt arbitration.
- Resuscitation of the continental debt movement (like Jubilee 2000) into a more formidable grassroots' and peoples' movement mobilization that has a continental reach and focus.
- FTA Campaign Team need to be formed from each national affiliate/partner organization so as to have a platform of operation.
- The Campaign Team must include parliamentarians who can generate support for FTA among parliamentarians.
- Engagements with regional foras for Ministers of Finance, Central Banks as they are important for support and sensitization of FTA.
- Engage the African Peer Review teams that visits some African countries annually.
- Identify journals and magazines to send debt arbitration articles inorder to reach technocrats, policy and professional analysts
- FTA campaign needs a functional website, different from AFRODAD's but linked to and other sources which will take the campaign global.
- Strive to have FTA agenda should be the agenda of most debt meetings, seminars, and conferences.
- Sponsor bills in national parliaments to push for the FTA agenda.
- Reach out to international civil society groups like EURODAD, global movements like GCAP, World Social Forums, Jubilee Movement and the specialized UN agencies like UNCTAD.

- Identify eminent persons like Nelson Mandela, Wangari Maathai, Desmond Tutu and others who can be a face for our FTA campaign who will warrant a global focus and reaction.
- Engage Youth movements like the Pan African Youth Movement and other youth networks that can appreciate an alternative process away from the mainstream discourse.

Campaign Opportunities identified.

- Declining economies of third world countries will make people become aware of the problems at hand as owing countries continue to pay more than they actually owe and in most instances they have repaid many times over
- The current global food crisis gripping the world, expose the soft underbelly of the structural failures of the global system. As more and more people plunge into further poverty and mobilizations and reactions from the broad masses of the people continue across the board in Africa, Asia, Latin America and even in the countries of the West, challenges to the stranglehold of corporate led neo-liberal policies will intensify and this offers a window of opportunity to interrogate the foregoing global political and economic architecture and the debt arbitration theme becomes an integral entry point.
- The rise of new lenders, China, India, Brazil, and South Africa will result in the FTA campaign having a broader audience since with the intensification if the inter-hegemonic competition, divergent issues and positions on how to engage will emerge and this will involve a need for a concrete address. The FTA campaign can use this and lobby China to support the FTA agenda and especially with the background of its entry to Africa in a big way.
- The emerging changes within continental bodies like the Africa Union offer an opportunity to table new proposals like the FTA process as a way of shifting the paradigm.

Campaign Challenges identified.

- Lack of political will within civil society and both creditor and debtor governments. Civil society must be prepared to take principled positions even if they look radical and non conventional.
- The impartiality - UN suffers a credibility/legitimacy issue in some quarters
- CSOs are also not all aligned together. There exist varied and different opinions on FTA within the CSOs constituency from very dismissive to outright rejection. How do we build a broad based support in such a terrain?
- The FTA agenda will face serious resistance from the Paris Club/IMF/WB and G8 etc and we must have clarity of what are the engagement principles and how to counter the arguments that they will present.
- Limited resources – need to fundraise for the campaign.
- The unequal power relations that exist make our politicians seem powerless in the face of the force and influence of creditors and they readily support whatever the creditors put across at times even against the wishes of the people.
- The current understanding of debt issues is a serious threat that requires greater public economic literacy which should move hand in hand with the FTA Campaign and

other debt discussions and campaign processes as people don't fully understand issues and are likely to launch onto minimalist/simplistic arguments and notions of the issue. It has to be radicalized to speak keenly and intently to the overriding power relation dynamic.

<u>Suggested Outputs.</u>

- Empowerment of the legislative bodies is important as they influence important bodies like the AU. Our national MPs need more information on the critical issues and how this can be brought to the fore of the AU, the Pan African Parliament and regional bodies like the east Africa Legislative Assembly (EALA)

- Establish a lobbying and propaganda group to approach the international institutions, our governments and other stakeholders.
- Establish a think tank comprising of knowledgeable persons, encompassing the whole breadth from the academia to grounded activists that should be able to respond to issues immediately and timely.
- Identify eminent persons who can reach the politicians and key organizations and countries should be able to identify each for the national process and collectively for the region.
- Identify FTA focal persons in each country and region.
- Document more case claims e.g between Kenya and Switzerland, Malawi and IMF, Somalia and the UN, Zimbabwe and China.

Signing of Petition.

The Session and Conference ended with a signing of Petition by the Participants in support of the FTA Campaign Process. It was found necessary to continue collecting signatures from citizens in support of this process across the various countries.

AFRODAD/KENDREN REGIONAL FTA CAMPAIGN LAUNCH.
HERON HOTEL, NAIROBI.
22-24TH MAY 2008.
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