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Global Economic Policy Reform

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Abstract

This paper is a contribution to the discussion about globalisation, democracy and development. It proposes revisiting the current multilateral architecture for economic growth and development whilst simultaneously encouraging greater coherence, cooperation and coordination amongst the countries of Southern Africa. Competing conceptual definitions, contextual histories and performance data regarding current institutions and agencies are then presented. The resulting proposals for global reform favours the identification of the critical role played by knowledge, technology and innovation systems in redressing the inequalities and asymmetries of mere 'market-led' development.

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This paper is a contribution to the discussion about globalisation, democracy and development. It proposes revisiting the current multilateral architecture for economic growth and development whilst simultaneously encouraging greater coherence, cooperation and coordination amongst the countries of Southern Africa. Competing conceptual definitions, contextual histories and performance data regarding current institutions and agencies are then presented. The resulting proposals for global reform favours the identification of the critical role played by knowledge, technology and innovation systems in redressing the inequalities and asymmetries of mere 'market-led' development.

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Introduction

The Helsinki Process on Globalisation and Democracy is in search of novel and empowering solutions to the dilemmas of global governance and offers a forum for open and inclusive dialogue between important stakeholders. The process promotes solution-oriented co-operation between governments, civil society organisations and the corporate sector. Innovative, extensive and goal-oriented collaboration is needed, because conventional international processes are no longer able to provide answers for the problems brought on by globalisation[2].

This paper was commissioned by the Institute for Global Dialogue (IGD) to develop policy recommendations on Poverty Eradication in the Southern African Development Community Region as it relates to the Helsinki Process on Globalisation and Democracy. The terms of reference stipulates that the paper generates draft policy recommendations based on the outcomes of two workshops hosted by IGD, the Africa Institute of South Africa (AISA), the South African Department of Foreign Affairs and Tanzanian Secretariat for the Helsinki Process in 2006 on the themes of poverty and development.

The first workshop focused on governance reform measures considered necessary for achieving the Millennium Development Goals (MDGs). The second workshop focused on growth, development and employment in the broader context of poverty eradication. This paper was also presented at a multi-stakeholder workshop for further discussion and refinement. This paper does not stand alone, but is complemented by other efforts on the conceptualisation and understanding of poverty, regional, and national and local level reform.

This paper is on the subject of global economic policy measures to support development and poverty eradication. To enable the generation of policy solutions, it is necessary to reiterate some of the more salient aspects concerning the process of economic and political globalisation. The first section of this paper introduces some general observations about the territory under consideration, namely Africa and the briefly introduces the Southern African Development Community. We then proceed to focus on the concept of globalisation in the next section. The third section briefly introduces a few of the more significant institutions through and by which global economic policy is being determined. Our specific interest in the fourth section is in exploring some of the economic aspects of globalisation. The concluding section then makes recommendations about global economic policy reform especially, in so far as they affect issues of global trade and poverty reduction strategies, debt management, aid for development and foreign direct investment. A key feature relates to the suggestion that knowledge agencies through which the actual flows, trends and indicators of globalisation, should be mobilized and that these would have great value for the work of local agencies and provide a better platform to encourage evidence-based policy formulation.

Africa

In 2007, the United Nations recognised 192 sovereign states and their dependent territories by conferring on them membership status (see appendix 1). The expansion of this number of entities from a smaller group of 51 who established the organisation in 1945 has been the result of various reconfigurations and heroic decolonisation processes. It was estimated that in 1950, Africa had a population of 215 million people (AU: 2006). This number of people grew by almost five times so that by 2006, the population of Africa was estimated to be 924 million (ibid). It is projected that the population of Africa will grow to

[2] www.helsinkiprocess.fi

1,355 billion by 2025 and overtake both China and India by 2050, when is estimated that the continent will be home to nearly 2 billion people (ibid).

Africa's populace have been the subject of much investigation and continues to be researched. Empirical data confirms that half of Africa's population lives in extreme poverty and that at least one third live in hunger. Humanity's advance to the 21st century, whilst affording progress in a range of domains, appears incapable of redressing glaring inequalities in specific geographic territories. Currently, the continent of Africa is governed through instruments and modalities established by 53 autonomous states. Much discussion continues about the arbitrary mechanisms by which these states were established. There seems to be consensus however that the 53 countries are not the product of an evolutionary nation-state formation process. In other words, the 53 states are increasingly recognised as constructs of the violence of colonialism.

The African Union[3] (AU) was formed in 2001 and launched in 2002. It is seen as a successor to the Organisation of African Unity (OAU) and the African Economic Community (AEC). The five regional bodies referred to as pillars of the AEC however continue to exist and are increasingly becoming important players in the integration and coordination efforts of the member states of the AU. The most recent summit of the AU has been caricatured as a 'Grand Debate' on the Union of States of Africa. Emerging from this gathering was a reiteration of a commitment to establish a United States of Africa with a union government as its ultimate objective. This standpoint has been based on an acknowledgment of the need for creating a common response from the continent of Africa to global challenges, to boost regional integration processes through continental mechanisms and to accelerate economic and political integration of the continent. The summit agreed that the immediate challenge lay in resolving and increasing efforts at a regional level. On this optimistic note it is appropriate to turn to the region being discussed, Southern Africa.

Southern Africa

The Southern African Development Community[4] (SADC) has been in existence since 1980. It was initially formed as a loose alliance of the nine democratic and decolonised states in Southern Africa. This intergovernmental organisation was known then as the Southern African Development Coordination Conference (SADCC). SADCC was formed in Lusaka, Zambia on the 1st of April1980 where it adopted the Lusaka Declaration - Southern Africa: Towards Economic Liberation. The primary objective of SADCC was in coordinating development projects in order to lessen economic dependence on the then apartheid South Africa. The founding member states were: Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe.

The transformation of the organisation, from a conference aimed at achieving a coherent and coordinated response against the aggression of South Africa, into a Development Community took place on the 17th of August 1992 in Windhoek, Namibia when a new declaration and treaty was entered into by a summit of heads of states and governments. The membership expanded to the current 14 and now also includes the Democratic Republic of Congo, Madagascar, Mauritius, Namibia and South Africa. Seychelles also joined SADC in 1997 but withdrew in 2004. SADC comprises 9,882,959 km^2 and brings together approximately 233,944,179 people. It has as its ultimate objective the enablement of the region to effectively address its developmental needs. SADC is also committed to position the region to meet the challenges of the dynamic, ever changing and

[3] www.africa-union.org accessed in July 2007
[4] www.sadc.int accessed in July 2007

complex globalisation process as well as to take advantage of the opportunities offered by globalisation.

SADC held an extraordinary summit in 2006 wherein an emphasis was established stressing the need to consider developmental integration through projects concerned with infrastructure and poverty eradication. The outcomes proposed included a timeframe for economic integration which includes a Free Trade Area being established by 2008 and a customs union to be put in place by 2010. This summit also called for the creation of a Development Fund which would target harnessing a regional trade potential and addressing supply side challenges such as infrastructure and food security.

Globalisation

Globalisation is a concept which evokes a diversity of responses and is contested at both the normative and explanatory levels. For our purposes' it is important to separate the use of the concept in describing what ought to happen from it's use in defining actually obtained results. It must be noted that the following section characterises globalisation mainly in economic and technological terms.

Globalisation is sometimes defined as the process whereby a set of routines and rules are agreed to by individual countries to mediate and coordinate an integrated global economic system. The creation of institutions through which these procedures find realisation has been a central feature of this form of globalisation. For 192 sovereign states to conclude such negotiated compromises requires significant levels of awareness and engagement from the populations that these states represent. In this context, achieving absolute progress in global integration implies the universal participation of eight billion people. No such collective instruments exist to achieve such a cooperative venture, notwithstanding the variety of social, political and economic organising units.

Globalisation could also be understood as a process of integration and convergence of multifaceted and multidimensional aspects of policy which defines norms and values transcending local boundaries in seeking alignment and coherence at an international scale. This confers on the process of globalisation a significant role in steering across various domains such as trade, development and environmental protection issues. The preceding workshops in this series explicitly argued that these rules enforce global privatisation, deregulation, trade liberalisation and opening of financial markets and institutions which aim to prevent regulated capital flows and generally promote more market driven economies (Anon: 2006 and Ruiters & Pressend: 2006).

For us to unpack the emergent discourse woven through these preceding discussions, it is necessary understand the historical evolution of this unitary process of economic integration through rules, routines and institutions which spawned the co-evolution of various sub-processes in production, distribution, consumption and financial management. Roy Culpeper argues that economic globalisation usually connotes "economic integration among countries, brought about by the movement of goods, services, technology and factors of production, which would otherwise be restricted to their countries of origin" (2005: 8). He goes further to suggest that trade; factor mobility and technology transfer are the "concrete expressions of economic globalisation" (op cit). In this context, Wikipedia suggests that the globalisation of economies is experienced through the "convergence of prices, products, wages, rates of interest and profits toward developed country norms[5]." This suggests that

[5] Cited by Wikipedia as Shariff, I.(2003): Global Economic Integration: Prospects and Problems, Development Review, Vol1, No.2: p. 163-178

there is a convergence between the recognition of these microeconomic variables, their deployment in economic reform and their utilisation as indicators of globalisation.

From such an explication, it is apparent that globalisation may further be considered as both the cause and driver of these convergences whist simultaneously being the collective result of these sub-processes. It is between these two positions that a significant literature has emerged over the last three decades about what constitutes the unfolding processes of globalisation. Much of this literature is however beyond the scope of this paper. For our purposes it is however important to note that the literature may be summarised, even if schematically, into two main groupings.

There are those who propagate the virtues of globalisation as a panacea to the unevenness of development over the last five decades. These groupings argue for increased immersion into the process of global integration and reductions in the scale and scope of national autonomous development[6] initiatives. It is suggested that globalisation will extend the positive aspects of 'development' thereby redressing negative features such as issues of poverty, inequality and environmental degradation. These groupings are sometimes portrayed as carriers of a neo-liberal agenda associated with certain multilateral agencies. And indeed there is also a wide ranging critique of how the very concept of 'development' has been redefined.

Opposing this perspective, albeit dissimilar reasons, are those who argue that the processes of global economic integration have resulted in mainly negative consequences for local political, socio-economic and environmental domains. They maintain that the limitations created by supra-national regulations reduces the scope for individual states to act in their own interests and inevitably mutes the voices of those directly affected by the consequent accords. There are some within this camp who warn that globalisation is a form of corporate imperialism whereby the entire world is commoditised, valorised and exchanged. A strand within this view seeks to amplify the voice of those marginalised and excluded as the means towards correcting the instruments through which globalisation is managed. Examples of these include the World Social Forums which brings together social movements, non-governmental organisations (NGOs) and community based organisations (CBOs). These now stand out in stark and confrontational contrast to the manner in which the World Economic Forum[7] is organised i.e. to increase the contact between representatives of large corporate conglomerates and governmental officials.

Jerry Harris (2007) has suggested that the "integrative force of global production, finance and technology has qualitatively changed social relations along with the culture, politics and the way we see the world and ourselves." According to him, "globalisation, as a mode of accumulation and wealth has achieved a hegemonic position but its social structure and nationally defined characteristics continue to be formed" (ibid.) It is on this note of positive uncertainty that we turn to the institutional formations seen to be driving and determining the character of globalisation.

Institutions of Globalisation

Countries that have achieved considerable wealth and power since the mid twentieth century and the enterprises primarily based in them as often seen as enthusiastic supporters of an unproblematic version of globalisation. Alternatively referred to as industrialised countries, more developed economies and established mature markets; they are organised through a variety of institutional forms such as the Group of 8 industrialised nations (G8), the

[6] Drawn from Shivji, I. (2005): Revisiting National Autonomous Development
[7] see www.weforum.org

Organisation for Economic Cooperation and Development[8] (OECD) and other associations. These countries have expanded systems of production which make use of intensive and extensive resource utilisation, are acknowledged as possessing vast technological capabilities and operate within mainly constitutional democratic political systems[9]. Whilst maintaining levels of socio-cultural and linguistic diversity they collectively utilise common measurements which are, usually, derivatives of gross domestic product (GDP). This is the value of all final goods and services produced within a nation in a given year, and which together with the whole system of national accounts whilst creating the ability to compare different systems and societies, is also under attack for reductionism and over-simplification[10].

The G8, whilst only representing 14% of the population of the world accounts for nearly two thirds of the world's economic output measured by gross domestic product. The OECD was originally formed as the Organisation for European Economic Co-operation in 1946 to promote the Marshall Aid Plan for the reconstruction of Europe. On the back of reforms in 1961, it became a forum which facilitates comparative policy leaning from its member's experiences, seek answers to common problems, and identify good practice and co-ordinate domestic and international policies. Its membership has expanded from an initial 20 in 1960 to 30 in 2007 wherein all share a commitment to a form of democratic governance represented by a multiparty system and a market-based economy.

It is also suggested that the organisations created by a United Nations Monetary and Financial Conference held on the 22nd of July 1944 at Bretton Woods in New Hampshire (United States of America), namely the International Bank for Reconstruction and Development (World Bank[11]) and the International Monetary Fund[12] (colloquially referred to as the Bretton Wood institutions) play a major part in facilitating globalisation. According to both institutions, they were formed to both "avoid a repetition of the disastrous economic policies that had contributed to the Great Depression of the 1930s" and also "to help countries ravaged by the Second World War to rebuild their economies." The earliest recipients of loans were the countries of Europe and Japan that had been damaged by the preceding war. By the early 1960s, these countries no longer needed this form of assistance, and lending was redirected to the newly independent and emerging nations of Africa, Asia, Latin America, and the Middle East, and, in the 1990s, to the transition countries of Central and Eastern Europe.

The World Bank states that it is owned by its 185 member states and provides loans, guarantees, risk management products, and analytical and advisory services. It includes affiliates such as the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), the International Centre for Settlement of Investment Disputes (ICSID), and the International Development Association (IDA). The IMF was formed as an agreed framework for international economic cooperation and also has 185 member states. Interestingly, a state wishing to use the facilities of the World Bank has to be a member of the IMF. The IMF has three main activities. These are:

- monitoring national, global, and regional economic and financial developments and advising member countries on their economic policies ("surveillance");

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[8] see appendix 2 for a list of member states and accession dates

[9] At least in so far as their domestic policies and practices are concerned, since it could hardly be claimed that this is the case where countries like the US, UK and Australia in particular are concerned in relation to their activities in Iraq and their track record relating to the 'war on terror'.

[10] for wider discussion see www.redefiningprogress.org

[11] see www.worldbank.org

[12] see www.imf.org

- lending members hard currencies to support policy programs designed to correct balance of payments problems; and
- offering technical assistance in its areas of expertise, as well as training for government and central bank officials[13].

Notwithstanding both organisations' claims to being equitable and member-driven, inbuilt mechanisms for the selection of heads of these bodies have shown such statements to be bogus. The determining role of the United States of America and European governments in choosing the leaders of the World Bank and the IMF respectively has been criticised by almost all other member countries. The legitimacy of advice from the World Bank especially on matters of good governance practices has also been open to serious challenges. This has been exacerbated by the manner in which the conduct of the recent past president of the World Bank held the institution hostage and even alienated the staff association[14].

Another mechanism which plays a major part in facilitating and incorporating individual states into a global system is the World Trade Organisation[15] (WTO). This is the successor to another international framework established in 1947, the General Agreement on Tariffs and Trade (GATT). The WTO came into being on the 1st of January 1995, is headquartered in Geneva, Switzerland and claims to have 150 member states. It is governed by a Ministerial Conference, which meets every two years; a General Council, which implements the conference's policy decisions and is responsible for day-to-day administration; and a director-general, who is appointed by the Ministerial Conference. It deals with the rules of trade between states; negotiates and implements new trade agreements, and is responsible for policing member countries' adherence to all the WTO agreements. These agreements have to be signed by the individual member state and ratified in their respective legislatures.

The three: IMF, World Bank and WTO were originally conceived of as a troika of instruments with the latter initially suggested as the International Trade Organisation. The United States of America however pursued a separate multilateral process of engagement and the founding statutes of the ITO were never acceded to by their Congress. The reason given for the non-accession was because the ITO Charter would interfere with the domestic economy of the USA.

Most of the WTO's current work comes from the 1986-94 negotiations called the Uruguay Round, and earlier negotiations under the GATT. Whereas GATT had mainly dealt with trade in goods, the WTO and its agreements now cover trade in services, and in traded inventions, creations and designs (intellectual property). It is currently the host to new negotiations, under the Doha Development Agenda launched in 2001. The Doha round was to be an ambitious effort to make globalisation more inclusive and was ostensibly intended to help the world's poor, particularly by slashing barriers and subsidies in farming.

The inconclusive Doha Round of negotiations has highlights some of the difficulties in attempting to analyse a phenomena whilst it is still in the process of being forged. Capturing elements of the process through various indicators may be our best attempt to capture the essence of its characteristics. Thus our next section is devoted to exploring some of the more salient economic effects of globalisation that are empirically available.

[13] articles of association at www.imf.org
[14] http://www.bicusa.org/en/Issue.11.aspx
[15] see www.wto.org

International Trade Agreements[16]

Name	Start	Duration	Countries	Subjects Covered	Achievements
Geneva	April 1947	7 months	23	Tariffs	Signing of GATT, 45,000 tariff concessions affecting $10 billion of trade
Annecy	April 1949	5 months	13	Tariffs	Countries exchanged some 5,000 tariff concessions
Torquay	September 1950	8 months	38	Tariffs	Countries exchanged some 8,700 tariff concessions, cutting the 1948 tariff levels by 25%
Geneva II	January 1956	5 months	26	Tariffs, admission of Japan	$2.5 billion in tariff reductions
Dillon	September 1960	11 months	26	Tariffs	Tariff concessions worth $4.9 billion of world trade
Kennedy	May 1964	37 months	62	Tariffs, anti-dumping	Tariff concessions worth $40 billion of world trade
Tokyo	September 1973	74 months	102	Tariffs, non-tariff measures, "framework" agreements	Tariff reductions worth more than $300 billion dollars achieved
Uruguay	September 1986	87 months	123	Tariffs, non-tariff measures, rules, services, intellectual property, dispute settlement, textiles, agriculture, creation of WTO, etc	The round led to the creation of WTO, and extended the range of trade negotiations, leading to major reductions in tariffs (about 40%) and agricultural subsidies, an agreement to allow full access for textiles and clothing from developing countries, and an extension of intellectual property rights.
Doha	November 2001	?	141	Tariffs, non-tariff measures, agriculture, labour standards, environment, competition, investment, transparency, patents etc	The round is not yet concluded.

Economic Effects of Globalisation

The disputes over the definition of globalisation are best considered against an empirical assessment of the outcomes and impacts of the historical evolution of this unitary process of economic integration through rules, routines and institutions which spawned the co-evolution of various sub-processes in production, distribution and consumption. The literature on this topic is of course vast, complex and still dynamic. For the purposes of this paper, only a selection of material concerning a set of human and social activities and institutions related to the production, distribution, exchange and consumption of goods and services is presented and discussed. Specific attention will be paid to available measurements of foreign direct investment and international development assistance (donor aid).

Foreign Direct Investment

Foreign Direct Investment (FDI), according to the United Nations Conference on Trade and Development[17] (UNCTAD), is a cross-border investment made by an investor with a view to establishing a lasting financial interest in an enterprise and exerting a degree of influence on that enterprise's operations and where the foreign investor holds an interest of at least 10% in equity capital. A considerable amount of literature in economic studies confers on FDI the status of contributing certain benefits to national economies and thereby acting as a significant driver for economic growth. This perspective is also mainly conveyed through the 'Breton Woods' institutions in its various pieces of policy advice to developing countries.

[16] Table adapted from Wikipedia (21/05/07) Original Sources include:
a) The GATT years: from Havana to Marrakech, World Trade Organization
b) Timeline: World Trade Organization – A chronology of key events, BBC News
c) Brakman, Garretsen, Marrewijk & Witteloostuijn (2006) "Nations and Firms in the Global Economy," Cambridge University Press.
[17] www.unctad.org

This is primarily due to the expectation that FDI contributes to Gross Domestic Product (GDP), the balance of payments and the establishment of fixed assets. For an investment to qualify as FDI, physical capital must be created in the foreign country (such as manufacturing facilities, or factories.) This physical capital is controlled by a firm based outside of the receiving, or host country. The literature also considers FDI to be a very stable investment because it involves the creation of physical capital. FDI is considered to be a long term investment because physical capital is not easily liquidated.

FDI inflows and outflows comprise capital provided (either directly or through other related enterprises) by a foreign direct investor to a FDI enterprise, or capital received by a foreign direct investor from a FDI enterprise. FDI includes the three following components:

- Equity capital is the foreign direct investor's purchase of shares of an enterprise in a country other than that of its residence;
- Reinvested earnings comprise the direct investor's share (in proportion to direct equity participation) of earnings not distributed as dividends by affiliates or earnings not remitted to the direct investor. Such retained profits by affiliates are reinvested.
- Intra-company loans or intra-company debt transactions refer to short- or long-term borrowing and lending of funds between direct investors (parent enterprises) and affiliate enterprises.

African countries were encouraged to look to FDI to finance the gap and to address debt. Privatisation was proposed to attract FDI. In Africa the largest part of FDI goes to the extractive sector. In part FDI should take into account backward and forward linkages and spill-over but this did not happen. According to many analysts, there has been a race to the bottom by African industries to attract FDI. It is often suggested that the countries of Africa should do proper cost benefit analyses of foreign investment and their returns. This stems from the observation that FDI does not necessarily flow into the productive sector and is often merely seen in the privatisation of state-owned enterprises. Very little evidence exists to maintain the argument that FDI is the major factor of growth.

The table below is derived from the UNCTAD Database, accessed in May 2007. It reports on inward FDI attracted by the countries of SADC and is measured in US Dollars at current prices in millions.

	2000		2001		2002		2003		2004		2005	
	Flow	*Stock*	*Flow*	*Stock*	*Flow*	*Stock*	*Flow*	*Stock*	*Flow*	*Stock*	*Flow*	*Stock*
Angola	878.50	7,976.97	2,145.50	10,122.47	1,672.10	11,794.57	3,504.70	11,987.50	1,449.20	13,436.70	-23.92	13,412.79
Botswana	57.16	1,826.64	30.68	1,388.50	403.41	854.09	417.99	1,167.21	391.06	982.10	346.12	1,083.52
DRC	23.11	617.25	82.00	699.25	117.00	816.25	158.00	974.25	15.14	989.39	1,344.00	2,333.39
Lesotho	31.46	329.52	28.21	357.74	26.82	384.56	41.85	426.41	53.21	479.62	47.17	526.79
Malawi	26.00	357.70	33.70	490.90	5.90	496.80	3.90	500.70	-0.68	500.02	3.00	503.02
Mauritius	265.64	672.35	-27.68	644.67	32.07	676.74	62.63	739.37	13.89	753.26	23.97	777.23
Mozambique	139.20	1,094.20	255.42	1,349.62	347.25	1,696.87	336.70	2,033.57	244.70	2,278.27	107.85	2,386.12
Namibia	188.25	1,264.52	365.41	750.92	181.71	1,757.43	148.71	3,003.51	226.11	4,046.87	349.09	2,440.28
Seychelles	24.30	537.27	64.70	601.97	47.70	649.67	58.40	708.07	37.45	745.52	82.40	827.92
South Africa	887.90	43,442.27	6,788.70	30,656.52	756.70	29,549.20	733.70	45,592.46	799.20	62,992.63	6,379.40	69,372.03
Swaziland	90.59	536.64	51.36	374.29	90.10	607.00	-61.00	724.00	60.30	928.20	-13.80	814.00
Tanzania	282.00	3,038.30	467.20	3,776.60	429.80	4,206.40	526.80	4,733.20	469.90	5,203.30	473.40	6,028.80
Zambia	121.70	2,359.64	71.70	2,431.34	82.00	2,513.34	172.00	2,685.34	239.00	2,924.34	259.00	3,183.34
Zimbabwe	23.20	1,238.05	3.80	1,241.85	25.90	1,267.75	3.80	1,271.55	8.70	1,280.25	102.80	1,383.05
SADC	3,038.99	65,291.32	10,360.70	54,886.62	4,218.47	57,270.67	6,108.18	76,547.14	4,007.17	97,540.47	9,480.49	105,072.28

As is evidenced above, SADC is positively attracting FDI especially with regards to flows. The accumulated advantage of certain countries is also reflected within a single entity, with South Africa hosting more than half of the FDI stock for the region by 2005.

The countries of the SADC are also exporting FDI, albeit in a fundamentally uneven fashion. These investments are however significant when considered against the overall share of inward FDI received by the region relative to the share of the global FDI flows and stocks. The next table depicts the outward FDI performance of SADC from the same source and in the same currency unit previously utilised.

	2000		2001		2002		2003		2004		2005	
	Flow	*Stock*	*Flow*	*Stock*	*Flow*	*Stock*	*Flow*	*Stock*	*Flow*	*Stock*	*Flow*	*Stock*
Angola	20.00	49.04	15.00	64.04	28.70	92.74	23.60	116.34	35.24	151.58	29.18	180.76
Botswana	2.25	516.57	379.67	865.82	42.89	1,023.66	206.06	1,446.65	-38.76	950.10	57.43	791.03
DRC	-1.84	..	0.89	..	-1.88	..	..	..	..	..	..	..
Lesotho	..	1.94	..	1.94	0.10	2.04	0.01	2.05	0.10	2.15	..	2.15
Malawi	..	8.40	4.70	13.10	..	13.10	..	13.10	..	13.10	..	13.10
Mauritius	12.95	132.29	2.87	135.16	8.70	143.86	-6.02	137.84	31.79	169.63	47.53	217.16
Mozambique	-0.20	1.67	-0.42	1.25	0.42	1.67	0.01	1.68	0.01	1.69	..	1.69
Namibia	2.77	44.53	-12.78	15.04	-5.42	26.02	-10.44	82.98	-22.32	98.96	-12.26	68.30
Seychelles	7.70	136.49	8.50	144.99	8.70	153.69	8.20	161.89	7.60	169.49	7.50	176.99
South Africa	270.80	32,318.63	-3,180.10	17,630.31	-398.90	21,934.76	565.10	27,112.16	1,352.10	38,435.47	67.90	38,503.37
Swaziland	16.56	94.89	-18.47	46.63	-0.10	64.00	-10.50	95.10	1.20	109.70	21.40	72.60
Tanzania	..	..	..	..	..	..	..	..	..	..	..	..
Zambia	..	..	..	..	..	..	..	..	..	..	..	..
Zimbabwe	7.50	233.60	4.10	237.70	3.20	240.90	0.20	241.10	0.00	241.10	1.10	242.20
SADC	338.49	33,538.06	-2,796.04	19,155.99	-313.60	23,696.44	776.22	29,410.90	1,366.96	40,342.98	219.78	40,269.36

The fact, albeit qualified, that the region itself is investing just over 40 billion US dollars is beginning to attract research interest. Most studies are following the largest investor, South Africa. Qualitative appraisals of this trend will over time be able to help illuminate the degree to which such investments are contained within the region, namely, between the countries of SADC or whether they are contributing to the migration of the stock of capital further abroad.

Development Aid

In contrast to FDI, development aid is provided by more developed countries to support economic development or social development in developing countries. This kind of support is usually distinguished from humanitarian aid because of its time frames. Development aid is mainly aimed at alleviating poverty in the long term, rather than merely easing suffering in the short term.

The problems with the data on aid have been dealt with extensively in the literature and a detailed analysis of their quality is unnecessary in this paper. An ActionAid Study[18] estimate that in 2003, about 60 percent of all bilateral donor assistance was "phantom aid" – that is, aid that "never materialises for poor countries, but is instead diverted for other purposes within the aid system".

[18] Greenhill R. and Patrick Watt (2006) "Real Aid: An Agenda for Making Aid Work," Aid and Accountability Team, ActionAid International, Johannesburg.

A recent report by UNCTAD whilst noting that the international community, after retreating in the 1990s, has recovered its faith in official development assistance (ODA), with a promise to double aid to Africa by 2015. According to UNCTAD, actual performance measurement indicates that the total aid to Africa since 1960 has been in the region of $580 billion[19].

Estimates of Africa's additional resource needs are similarly affected by the same difficulties and uncertainties, with different institutions producing a wide variety of estimates. The NEPAD framework document, for example, suggests that Africa will need to fill an annual resource gap of $64 billion (equivalent to 12 per cent of GDP) and acknowledges that, despite a significant increase in domestic resources, most of the increase will have to come from abroad (Funke and Nsouli, 2003:16). The G8, in their Gleneagles Declaration, called (sic) for aid to Africa to be raised to $25 billion a year by 2010. In their conservative estimate of the additional ODA that Africa could use effectively for the improvement of infrastructure and human development, the World Bank and IMF argue for $14–$18 billion per year during 2006–2008, rising to $24–$28 billion by 2015 (Gupta, Powell and Yang, 2006: 1).

Net Official Aid Flows to Africa from all donors by type of flow, 1960–2004 (Million US dollars)[20]

	Average				Average: Share by components (%)				Volatility index			
	1960-2004	*1980-1989*	*1990-1999*	*2000-2004*	*1960-2004*	*1980-1989*	*1990-1999*	*2000-2004*	*1960-2004*	*1980-1989*	*1990-1999*	*2000-2004*
Official Development Assistance	14268	16268	26158	28776	100	100	100	100	0.77	0.2	0.15	0.21
Bilateral grants and grant-like flows, of which:	8878	8917	16938	19505	62.2	54.8	64.8	67.8	0.82	0.27	0.13	0.28
• Technical co-operation	*2932*	*3646*	*5393*	*5160*	*20.5*	*22.4*	*20.6*	*17.9*	*0.72*	*0.22*	*0.1*	*0.1*
• Developmental food aid(a)	*790*	*1146*	*736*	*491*	*5.5*	*7*	*2.8*	*1.7*	*0.47*	*0.16*	*0.53*	*0.09*
• Emergency & distress relief(a)	*1046*	..	*493*	*1930*	*7.3*	*1.9*	*6.7*	*0.96*	..	*0.79*	*0.55*	
• Debt forgiveness (grants)	*2143*	*136*	*1682*	*3868*	*15*	*0.8*	*6.4*	*13.4*	*0.82*	*0.85*	*0.45*	*0.53*
Bilateral Loans	2631	4082	4415	2455	18.4	25.1	16.9	8.5	0.71	0.18	0.3	0.23
Imputed Multilateral Loans	3879	3270	4805	6816	27.2	20.1	18.4	23.7	0.52	0.31	0.2	0.15

This data shows there have been significant variations in the component share of different vehicles for official donor assistance. The results from the last four years shows a doubling of the average achieved in the last four decades. Whilst food aid has more than halved in the last thirty years, emergency and distress relief is now nearly four times that received in the preceding decade and the most significant component of bilateral aid is grants for debt write-downs. The average bilateral loans are now smaller than in earlier decades and the imputed value of multilateral loans is at just under twice the average for the four decades as a whole.

The Paris Declaration on Aid Effectiveness[21] issued in March 2005 clearly recognised issues related to the quality problems on the donor side. The declaration contains commitments to harmonise ODA and adapt it better to the recipient country's development

[19] UNCTAD (2006) Economic Development in Africa Doubling Aid: Making the "Big Push" work

[20] Source: UNCTAD (2006) Notes: (a) Emergency food aid is included with developmental food aid up to and including 1995. Technical co-operation comprises both free-standing and investment-related: Developmental food aid: 1975-2004; Emergency & distress relief: 1992-2004; Debt forgiveness (grants): 1988-2004; Imputed multilateral flows: 1973-2004, i.e. making allowance for contributions through multilateral organisations, calculated using the geographical distribution of multilateral disbursements for the year of reference.

[21] www.oecd.org/document/18/0,2340,en_2649_3236398_35401554_1_1_1_1,00.html

strategy, reduce transaction costs and bureaucratic procedures thereby untying aid and grant ODA increasingly as direct budget support. A follow-up conference to the Paris Declaration is planned to be held in Accra, Ghana in September 2008. This is expected to adopt further steps to improve the quality of ODA.

Along with the traditional donor countries of the OECD new, emerging donors are entering the stage. On the one hand these include some of the countries of the South, such as China, but also Saudi Arabia and Venezuela. The total amount of transfer from these countries is unknown but is at least several billion US dollars annually and is rapidly increasing. On the other hand, private donors are growing in importance. In the upcoming years, the Bill and Melinda Gates Foundation alone will spend about US$3bn per year for development projects. This is more than the German bilateral ODA for technical cooperation (op cit).

Global Trade and Integration

Significant attention has been devoted to explaining globalisation as the liberalisation of trade. Notwithstanding the caveat that globalisation is more than just trade[22], we will comment both trade in itself and also focus on a key driver in this process of convergence: new technologies. Various reports confirm that world trade has expanded rapidly over the last two decades. Statistics show that since the mid-eighties, trade has grown faster than world GDP. The General Agreements on Tariffs and Trade (GATT), the predecessor of the WTO, provided the framework through which trade liberalisation was negotiated. These processes accelerated since the eighties when more and more developing counties became party to the agreements. In considering this growth phenomenon, it is important to note that the expansion of trade was and is not experienced uniformly by all countries.

The actual growth and development of national economies measured through GDP expansion has also not been consistent or commensurate with expanding population increases and associated domestic demands. Significant methodological challenges related to the informal, non-formal and dualistic economies are yet to be accurately captured in trade statistics.

Osakwe and Hammouda’s literature survey provides the following list of factors that have influenced and shaped the economic performance of African economies. The listed factors are couched in neo-classical terms and hence very much aligned to the discourse of neo-liberalism. According to them the underperformance of African economies may be ascribed to a combination of:

- political instability and poor governance;
- macroeconomic instability exacerbated by policy reversals;
- poor investment climate;
- geography;
- legacy of colonialism; and
- inhospitable external environment as reflected in, for example, trade policies in OECD countries that make it difficult for exports of African countries to penetrate their markets (2006: 1).

It is common knowledge that many of the Least Developed Countries (LDC’s), of which 36 are located in Africa actually experienced a proportional decline in their share of world

[22] Other dimensions include culture, media, migration, remittances, food safety, food security, international crime, privacy protection, the spread of viruses and the extraterritorial application of national law (van Liemt: 2004: 2)

markets, despite the fact that they had in most cases liberalised their domestic trade regimes. Osakwe and Hammouda quote the recent Economic Commission for Africa Report which shows that, if current trends continue, Sub-Saharan Africa is unlikely to meet the target of halving the proportion of people whose income is less than $1 a day between 1990 and 2015 (op cite: 2).

It is appropriate to unpack the components of trade liberalisation. It is also important to locate this discussion within a broader discourse on liberalisation which promotes 'market-friendly' policies. In pursuing such research over the past five decades, a fundamental orthodoxy has largely prevailed and influenced much research. This is the result of the determination of neo-classical economics as an economic science which is then capable of explaining the functioning of the economy anytime, anyplace, anywhere - regardless of institutional strengths or capabilities. In other words, neo-classical orthodoxy in economics and its consecration as an economic science has resulted in its dominance as an explanatory paradigm – the critique of it notwithstanding.

It is this fundamentalist faith in the ideology of 'free-markets' that has produced amongst other rigidities what we now define as the 'Washington Consensus'. This is often seen as a package of measures which promised that trade liberalisation and foreign direct investment would engender economic growth. It acknowledged that inequality would be an inevitable outcome in the search for competitive advantages. In this paradigm, competitiveness is a result of increasing productivity gains, which narrowly defined implies merely more output per unit of labour. It suggested that poverty, resulting from liberalisation was to be addressed directly by targeted programmes to ensure social stability and prescribed the deflection of social unrest and instability as a necessary condition for a favourable investment climate.

This package of measures based on the premise of growth and trickle-down relief from poverty was packaged as Structural Adjustment Programmes (SAP's). The 'neo-liberal project' espoused by the Washington Consensus and facilitated by a triumvirate of the World Trade Organisation (WTO), World Bank and International Monetary Fund (IMF) have come under serious criticism. Dani Rodrik in a famous lecture: "Rethinking Growth Policies in the Developing World" assessed the application of this formulaic prescription and argued that the reforms of the 1980s and 1990s produced disappointing results. He went further to say that whilst most successful countries have adhered to some generally recognised principles; in terms of growth they have followed heterodox policies. His key methodological finding was that policies appropriate to a particular situation cannot be inferred from these general principles and that policy diversity should be considered desirable (2004).

The rise and expansion of an integrated information and communication technology network has been an underlying factor enabling the rapidity and all-encompassing nature of the current phase of economic globalisation. Through the creation of this infrastructure, the natural barriers of time and space have been vastly reduced. Through this global communication network, the costs of moving information have fallen dramatically. This has then facilitated the mobility of commodities, enterprises and money whilst people themselves remain constrained by national borders.

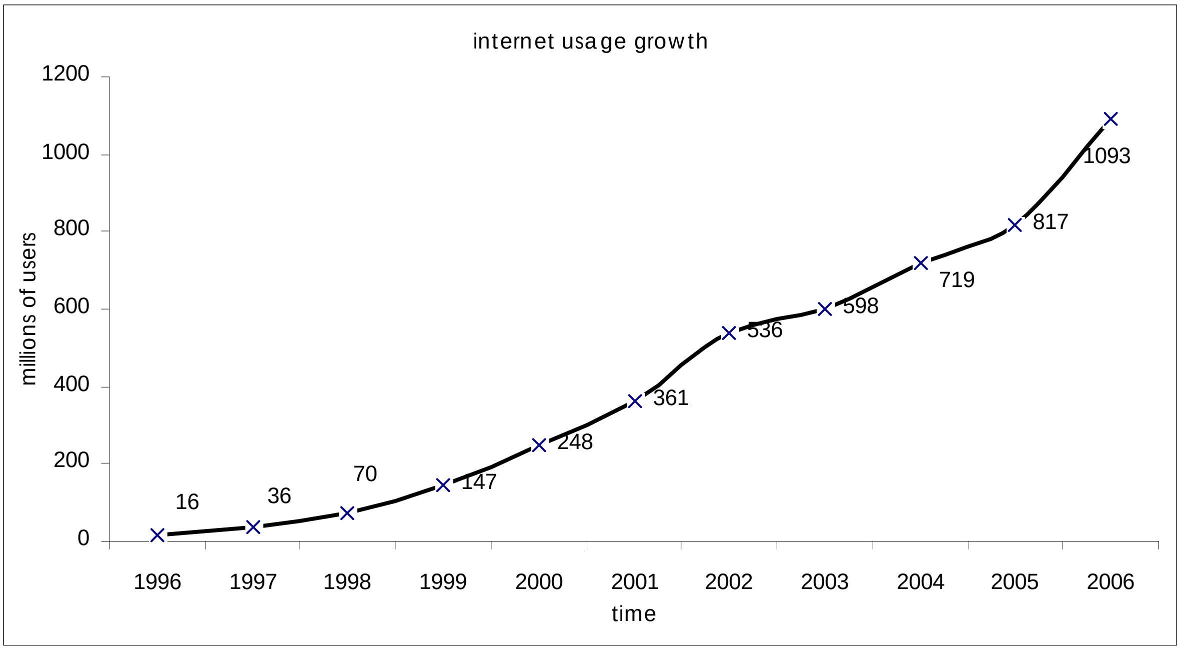
The last century has witnessed the incredible advance of technology over the constraints of geography and demographic distribution. Advances in connecting various settlements through establishing infrastructure and capabilities have had the effect of lowering the average costs. This is especially the case where the technological platform displays scale benefits. The table above captures some of these price reductions. As is clearly evident, communication and transport prices have fallen by multiple factors. It must be noted that his does not speak to issues of costs, especially the indirect or environmental burden created by the lowering of these prices and the subsequent increase in uptake.

Declining Cost of Transportation and Communication[23]

Year	Sea [average ocean freight and port charges per ton ($US)]	Air [average revenue per passenger mile ($US)]	Phone Call [3 minutes NY/London ($US)]	Computers [index, 1990=100]
1920	95	-	-	-
1930	60	0.68	245	-
1940	63	0.46	189	-
1950	34	0.30	53	-
1960	27	0.24	46	12,500
1970	27	0.16	32	1,947
1980	24	0.10	5	362
1990	29	0.11	3	100

Recent research confirms the decrease in time for the spread of technologies across the world. Effectively, it is becoming faster for the diffusion of innovation. Whilst it took the medium of radio approximately 38 years to achieve 50 million users, the personal computer achieved this target in 16 years, television took 13 years and the current internet via the Wold Wide Web has only taken 4 years[24]. This last category has of course led to the most widespread availability of the means of communication. The following table depicts the massive growth of the numbers of users and the percentage of the global population being connected.

The following graphic representation shows the rapid exponential growth in the number of internet users across the world. Whilst, again acknowledgment must be paid to the differences in definitions of users, the statistics do provide an indication of the trend. For the period 1996 till 2006, this suggests a 100-fold increase over the decade. That close to a sixth of the world population is connected is both progressive and an overall positive trend which however masks significant regional disparities.



Source[25]

[23] IMF Dataset
[24] The Economist
[25] http://www.internetworldstats.com/ accessed on 01/10/09

These decreases in prices, increases in technological uptake and expansion of global connectivity have not been evenly spread. While Africa contributes to the global frenzy of the diffusion and integration of innovation and trade, its participation has been mediated by an inherited and accumulated set of structural, cyclical and regulatory constraints. The results have therefore been of a combined and uneven nature.

World internet usage and population statistics[26]

World Regions	Population (2007 Est.)	Population % of World	Internet Usage, Latest Data (30th September 2007)	% Population (Penetration)	Usage % of World	Usage Growth 2000-2007 (%)
Africa	**933,448,292**	**14.2**	**43,995,700**	**4.7**	**3.5**	**874.6**
Asia	3,712,527,624	56.5	459,476,825	12.4	36.9	302.0
Europe	809,624,686	12.3	337,878,613	41.7	27.2	221.5
Middle East	193,452,727	2.9	33,510,500	17.3	2.7	920.2
North America	334,538,018	5.1	234,788,864	70.2	18.9	117.2
Latin America/Caribbean	556,606,627	8.5	115,759,709	20.8	9.3	540.7
Oceania / Australia	34,468,443	0.5	19,039,390	55.2	1.5	149.9
WORLD TOTAL	**6,574,666,417**	**100.0**	**1,244,449,601**	**18.9**	**100.0**	**244.7**

On aggregate, Africa has not performed as well as other less advanced economies such as the East Asian newly industrialised countries nor some parts of South America. With a growth rate above 800% it is however second fastest only to the Middle East. When viewed against the penetration rate, Africa represents the most dynamic with the highest level of potential growth. The latter is however a construction of infrastructural capacities and domestic capabilities. These historical legacies, often described as deficiencies, generally are indicative of low baselines. In some instances, technological leapfrogging offers the continent the ability to transcend earlier and more costly investments, in favour of innovative solutions such as mobile telephony expanding faster than fixed-line telecoms.

On the whole, Africa in general and Southern Africa in particular is tasked with redressing the accumulated marginalisation and economic exclusion which spans centuries. Most formations which are democratically established seek to redress conditions of combined and uneven development that globalisation has facilitated in extending beyond the boundaries of the core capitalist nations of the world. On this note and based upon the elaborate explication of context that we can now turn to emergent recommendations from the extensive consultative process of the Helsinki Process on Globalisation and Democracy.

Global Economic Policy Reform: Some recommendations

Emerging from the recommendations of the previous workshops is a sense both of urgency based on a clearer exposition on the effects, impacts and outcomes of various reform initiatives. It is indeed time “to re-think the current global economic policies and redefine policies which allow national governments and leaders to define and defend the right to development that builds human capabilities and self-reliance so that development improves choices and living standards for the world’s poor” (Ruiters & Pressend: 2006).

It is of course necessary for any entity which purports to be concerned to be marginalised to seek ways of articulating its positions in a form consistent with redressing exclusion. It is argued that the processes of the New Partnership for Africa’ Development (NePAD) and the establishment of the African Union (AU) have now created a programme and an

[26] Ibid, Demographic (Population) numbers are based on data contained in the world-gazetteer website and internet usage information comes from data published by Nielsen//NetRatings, International Telecommunications Union, local NICs, and other reliable sources. Detailed information is available at www.internetworldstats.com. Copyright © 2007, Miniwatts Marketing Group.

organisational superstructure through which the continent of Africa can speak with from a position of conformity and consensus.

It is therefore consistent that efforts should be made to ensure that recognition be given to the how participation of ordinary Africans is being linked to mainly con-federal inter-state agreements. The proposal for a better arrangement wherein both public and private interests are represented will ensure that the AU and NePAD are legitimised as representative of the voices of the more than 900 million people on the continent. This will also ensure that the AU's place as an 'Apex Organisation' is legitimised. The legitimacy will also enhance its claim to sovereignty across the continent.

To ensure that this is viable, its structural configuration should ensure transparency and uncomplicated mechanisms for consultation and redress. Government, non-governmental and civil society organisations must be included so as to assist this institution in conveying the collective voice of Africa into the multiplicity of forums concerned with establishing and maintaining the trade regime at a global level. It will also enable the weaker members to gain from the collective strength of the continent.

Supporting such an instrument should be a diverse range of research and evidence-generating agencies which have the analytical capabilities to monitor evaluate and generate learning for rapid and robust selection by the 'Apex Organisation.' Most of these already exist in a patchy and un-integrated form. Existing organisations should help with this process of reintegrating and develop mechanisms for building transcontinental competencies.

SADC already exists and has many processes in place. Yao Graham has also made the point consistently that regional economic integration - greater regional trade flows and less dependence on 'external' trade is a crucial factor in reducing dependency and in stimulating growth. More bilateral trade, economic cooperation, trade infrastructure and agreement between trade blocs in the region are an important way to reduce dependence. As with the 'Apex Organisation' questions regarding the representation of non-governmental groups and civil society organisations should be considered as an important aspect of ensuring that legitimacy, transparency and accountability is ensured and enshrined institutionally.

The process towards enhancing intra-regional exchanges needs to be invigorated and adequate provision made for sharing knowledge, learning and good practices. The harmonisation of rules within the regional bloc will also ensure that problems confronting the region are readily assimilated and transformed into opportunities and challenges.

Some empirical work to maintain good statistics will also assist in ensuring that these structures add value to the ultimate objective of the five regions being more than the sum of their individual constituents. Strong regions will contribute to an increase in shared identity, moderate the effects of national inequities and reduce the scope for conflict. Measures in terms of multilateral agreements on defence, the environment, biodiversity protection and planned energy infrastructures will again serve to enhance the service offering of such a tier of association.

Beyond these core concerns regarding the AU and SADC as vehicles to drive reform, the next part of this section makes recommendations about global economic policy reform especially, in so far as they affect issues of global trade, debt management and mobilising resources for development.

Global Trade, Diversification in Production and Poverty Reduction

Global Trade offers a range of options whereby economic and technological catch up becomes possible. Whilst the current Doha round of WTO trade negotiations is generally considered to have stalled, a glimmer of hope has been evidenced. It is suggested that a significant development is the increased participation of African countries in the actual negotiations. African countries were not only engaged actively in the definition of the mandate for the negotiators, but have been active at every stage, as the negotiations have progressed. However, this active participation has not translated to concrete results to enable African priorities to be addressed holistically. Critical to achieved success post access to markets is the development of endogenous capabilities which enable countries to expand the productive sector and build industrial and service competencies.

Martin Khor (2003) pointed out that trade policy set by World Bank and IMF impinges on the local market. These policies support the notion that imports will be better for consumer welfare and cheap imports will make local markets more efficient. Instead, according to Khor and numerous other researchers, such policy prescriptions have destroyed African economies. It is argued that such a policy stance refuses to acknowledge the fundamental contradiction that is only if the consumer has money to pay for goods, that they will the benefit from the achievement of cheaper prices. Furthermore cheap imports have negative impacts on infant industries. An important policy consideration is that jobs and income are more important. Accordingly, the advice from Khor is that countries should consider the use of tariffs to protect themselves against import surges and this could even be done within the WTO in terms of GATT Article 18 which allows government to raise tariffs above the bound rate. Khor emphasises that this is even more flexible than the World Bank and IMF (op cite).

The process of diversification in Africa's systems of production has been slow and volatile. It has been negatively influenced by the current commodity boom. The search for new stocks of primary resources, especially oil, has significantly induced movement away from the productive sector. Many reports have identified key constraints to diversification as including: problems of ill-advised and badly sequenced industrial policies, poor and decaying infrastructure that raises production costs, high sovereign risk due especially to political instability that discourages investment in new activities, and rigid macroeconomic frameworks that limit the possibility of demand-led growth strategies.

Diversification plays a key role in helping countries to not only achieve higher growth rates, but also to sustain these growth rates over a long period. Indeed, diversification is a means of hedging against exogenous shocks, arising, among other things, from the vagaries of international commodity markets. Diversification also plays an important role in increasing productivity and maximising the impact of growth on employment creation, a key mechanism for raising the standards of living of the population and reducing poverty.

African countries need to design diversification policies for Africa at three levels: macroeconomic policies to support diversification; trade and sectoral policies to deepen diversification; and strengthening institutions to enhance diversification efforts. Flexible macroeconomic policies that especially allow countries to achieve high levels of public investment are critical to a successful diversification agenda.

Policies are also required to facilitate the development of enterprises in the productive sector. These hold the promise of reducing poverty in a sustainable manner. There is a need for an enabling business environment, including good governance and sound legal and regulatory mechanisms that fostered transparency and the creation of new enterprises. The latter was a critical factor in providing productive employment.

South-South cooperation in trade, finance and technology development needs further support and strengthening. It is in this context that assuming common science and technology systems will help facilitate technology transfer and upgrading. . Increasing financing for research and development is essential to encourage innovation and increase the contribution of productivity in economic growth. This would then enable these countries to reap maximum benefits from their diversification efforts.

Debt Management

The conditionality's for debt repayment have impacted negatively on Africa's development and African governments should exercise caution about accessing loans from the World Bank and IMF and the conditionality's accompanying these. New opportunities for expanded policy space is afforded by the recent Multi-lateral Debt Relief Initiative (MDRI) and the potential for countries to utilise the policy autonomy which accompanies the irrevocable and upfront cancellation of debt of potentially 40 countries, including many from the African region. An important consideration is for national governments to avoid further unsustainable debt creation from the World Bank and IMF.

Mobilising Finances for Development

The experiences of most developing countries that have achieved significant gains in improving the quality of lives of its citizens have stressed the need to consider the mobilisation of financial resources for development in a holistic manner. Concurrently, it has been recognised that it is critical that these resources are critical to the achievement of the internationally agreed development goals, including the Millennium Development Goals[27]. It remains necessary to ensure that more efforts are placed in mobilisation of domestic resources with the simultaneous responsibility to build up the state revenue generating capacities, ensuring proper stewardship over development finance institutions and also devising innovative sources for development finance.

The capacity of many of the states in SADC to harness its domestic tax collecting is weak. This needs urgent attention, if the current dependency on trade taxes is to be compensated for and capital flight reduced. Much can be learned from successful reforms of government revenue systems both globally and locally.

Evidence abounds about the positive effects of utilising domestic savings to finance the required investments for meeting the MDG's. Unfortunately, the current level of domestic savings does not allow for this mechanism to provide an immediate remedy. Its realisation should however be planned for in the medium to long terms. This could also be considered as a proposal which plans for success. Ensuring that the formal instruments are actually encouraging of savings is also important as South Africa has learnt through its socio-economic experiment in low-cost banking

The increasing frustration with traditional multilateral financing options has led some governments to begin thinking about alternatives to fulfil their financing needs, while at the same time breaking their dependence on capital, and influence, from the United States and Europe. This rethinking is accompanied by the fact that the World Bank has suffering its most damaging scandal to date.

Venezuela and Argentina recently launched the new "Banco del Sur" (Bank of the South), pledging more than $ 1 billion to get the institution up and running in the next few

[27] Special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development New York, 24 April 2006

months. Although the details are currently being worked out (a 90-day deadline has been established to define some basic operating rules) several other countries have agreed to join: Brazil, Bolivia, Ecuador and Paraguay will also be founding members. Additionally, Nicaragua, several Caribbean countries and even a few Asian nations have expressed interest in participating in the new multilateral institution.

In a clear departure from this undemocratic and paternalistic governance structure, Banco del Sur is based on a model whereby no single country has the veto or right to make deciding appointments or will be the sole owner in the new institution. Although not fully defined, there has been indication that voting power will be based on financial need, rather than monetary contribution or political weight. But beyond the critical structural and political delineation, the real challenge will be to create a development financing institution that not only looks different than its ancestor. It must ensure that it actually thinks and acts differently. This means that member countries will need to think long and hard about how development will be defined and how it will best be achieved.

Ensuring that a single and effective development finance institution exists for the region is also important. Such a body could imaginatively seek to provide a single entry point to the various development assistance schemes which confront individual countries. It could ostensibly be anointed as the custodial of developmental experiences and planning competencies. Such a regional effort would reduce the learning costs and risks associated with major infrastructural investments.

Private capital flows need to be better understood and appropriately monitored. The inter-connectedness of the regions economies allows for an expansion in opportunities. Mitigating the risks of sub-imperialism is necessary, but also requires more careful data upon which pronouncements are made. Increases in productivity and competitiveness should accrue to the region so as not to further marginalise impoverished states. Doing so goes a long way to recognising that the Breton Woods Institutions do not have a monopoly on technical competence and that a wealth of expertise exists elsewhere including in the UN system, the non governmental sector and among local policy makers.

Mobilising Knowledge Resources for Development

Good governance based on democratic accountability and participation combined with the progressive expansion of productive enterprises will afford ensuring that the above mentioned institutional arrangements are piloted and enabled to succeed. All of these forward-looking objectives require increasingly sophisticated technical capacities, capabilities and competencies. The last five decades of the Southern Africa’s history has witnessed the incubation of various local organisations which have for the most part tried to remedy problems albeit in an isolated and fragmented manner. With devices such as the African Peer Review Mechanism in place, the possibilities of building a recovery programme which draws of the collective experiences of agencies beyond the narrow confines of government are increasing. This should assist in bolstering and enabling the provision of local technical support for a legitimate AU and SADC. The main aim of such a knowledge production and brokerage function should be to encourage evidence based policy formulation. Ancillary tasks include ensuring the training of skilled people and radically breaking from command and control rituals of power. This knowledge and technical support facility must also engender collaboration and cooperation over the narrow competition between sub-critical autonomous and disparate institutions.

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Annex 1: Member States of the United Nations as of 2007

Afghanistan (19 November 1946)
Albania (14 December 1955)
Algeria (8 October 1962)
Andorra (28 July 1993)
Angola (1 December 1976)
Antigua and Barbuda (11 November 1981)
Argentina (24 October 1945)
Armenia (2 March 1992)
Australia (1 November 1945)
Austria (14 December 1955)
Azerbaijan (2 March 1992)
Bahamas (18 September 1973)
Bahrain (21 September 1971)
Bangladesh (17 September 1974)
Barbados (9 December 1966)
Belarus (24 October 1945)
Belgium (27 December 1945)
Belize (25 September 1981)
Benin (20 September 1960)
Bhutan (21 September 1971)
Bolivia (14 November 1945)
Bosnia and Herzegovina (22 May 1992)
Botswana (17 October 1966)
Brazil (24 October 1945)
Brunei Darussalam (21 September 1984)
Bulgaria (14 December 1955)
Burkina Faso (20 September 1960)
Burundi (18 September 1962)
Cambodia (14 December 1955)
Cameroon (20 September 1960)
Canada (9 November 1945)
Cape Verde (16 September 1975)
Central African Republic (20 September 1960)
Chad (20 September 1960)
Chile (24 October 1945)
China (24 October 1945)
Colombia (5 November 1945)
Comoros (12 November 1975)
Congo, Republic of the... (20 September 1960)
Costa Rica (2 November 1945)
Côte d'Ivoire (20 September 1960)
Croatia (22 May 1992)
Cuba (24 October 1945)
Cyprus (20 September 1960)
Czech Republic (19 January 1993)
Democratic People's Republic of Korea (17 September 1991)
Democratic Republic of the Congo (20 September 1960)
Denmark (24 October 1945)
Djibouti (20 September 1977)
Dominica (18 December 1978)
Dominican Republic (24 October 1945)
Ecuador (21 December 1945)
Egypt (24 October 1945)
El Salvador (24 October 1945)
Equatorial Guinea (12 November 1968)
Eritrea (28 May 1993)
Estonia (17 September 1991)
Ethiopia (13 November 1945)
Fiji (13 October 1970)
Finland (14 December 1955)
France (24 October 1945)
Gabon (20 September 1960)
Gambia (21 September 1965)
Georgia (31 July 1992)
Germany (18 September 1973)
Ghana (8 March 1957)
Greece (25 October 1945)
Grenada (17 September 1974)
Guatemala (21 November 1945)
Guinea (12 December 1958)
Guinea-Bissau (17 September 1974)
Guyana (20 September 1966)
Haiti (24 October 1945)
Honduras (17 December 1945)
Hungary (14 December 1955)
Iceland (19 November 1946)
India (30 October 1945)
Indonesia (28 September 1950)
Iran, Islamic Republic of... (24 October 1945)
Iraq (21 December 1945)
Ireland (14 December 1955)
Israel (11 May 1949)
Italy (14 December 1955)
Jamaica (18 September 1962)
Japan (18 December 1956)
Jordan (14 December 1955)
Kazakhstan (2 March 1992)
Kenya (16 December 1963)
Kiribati (14 September 1999)
Kuwait (14 May 1963)
Kyrgyzstan (2 March 1992)
Lao People's Democratic Republic (14 December 1955)
Latvia (17 September 1991)
Lebanon (24 October 1945)
Lesotho (17 October 1966)
Liberia (2 November 1945)
Libyan Arab Jamahiriya (14 December 1955)
Liechtenstein (18 September 1990)
Lithuania (17 September 1991)
Luxembourg (24 October 1945)
Madagascar (20 September 1960)
Malawi (1 December 1964)
Malaysia (17 September 1957)
Maldives (21 September 1965)
Mali (28 September 1960)
Malta (1 December 1964)
Marshall Islands (17 September 1991)
Mauritania (27 October 1961)
Mauritius (24 April 1968)
Mexico (7 November 1945)
Micronesia Federated States of... (17 September 1991)
Moldova (2 March 1992)
Monaco (28 May 1993)
Mongolia (27 October 1961)
Montenegro (28 June 2006)
Morocco (12 November 1956)
Mozambique (16 September 1975)
Myanmar (19 April 1948)
Namibia (23 April 1990)
Nauru (14 September 1999)
Nepal (14 December 1955)
Netherlands (10 December 1945)
New Zealand (24 October 1945)
Nicaragua (24 October 1945)
Niger (20 September 1960)
Nigeria (7 October 1960)
Norway (27 November 1945)
Oman (7 October 1971)
Pakistan (30 September 1947)
Palau (15 December 1994)
Panama (13 November 1945)
Papua New Guinea (10 October 1975)
Paraguay (24 October 1945)
Peru (31 October 1945)
Philippines (24 October 1945)
Poland (24 October 1945)
Portugal (14 December 1955)
Qatar (21 September 1971)
Republic of Korea (17 September 1991)
Romania (14 December 1955)
Russian Federation (24 October 1945)
Rwanda (18 September 1962)
Saint Kitts and Nevis (23 September 1983)
Saint Lucia (18 September 1979)
Saint Vincent and the Grenadines (16 September 1980)
Samoa (15 December 1976)
San Marino (2 March 1992)
Sao Tome and Principe (16 September 1975)
Saudi Arabia (24 October 1945)
Senegal (28 September 1960)
Serbia (1 November 2000)
Seychelles (21 September 1976)
Sierra Leone (27 September 1961)
Singapore (21 September 1965)
Slovakia (19 January 1993)
Slovenia (22 May 1992)
Solomon Islands (19 September 1978)
Somalia (20 September 1960)
South Africa (7 November 1945)
Spain (14 December 1955)
Sri Lanka (14 December 1955)
Sudan (12 November 1956)
Suriname (4 December 1975)
Swaziland (24 September 1968)
Sweden (19 November 1946)
Switzerland (10 September 2002)
Syrian Arab Republic (24 October 1945)
Tajikistan (2 March 1992)
Thailand (16 December 1946)
The former Yugoslav Republic of Macedonia (8 April 1993)
Timor-Leste (27 September 2002)
Togo (20 September 1960)
Tonga (14 September 1999)
Trinidad and Tobago (18 September 1962)
Tunisia (12 November 1956)
Turkey (24 October 1945)
Turkmenistan (2 March 1992)
Tuvalu (5 September 2000)
Uganda (25 October 1962)
Ukraine (24 October 1945)
United Arab Emirates (9 December 1971)
United Kingdom of Great Britain and Northern Ireland (24 October 1945)
United Republic of Tanzania (14 December 1961)
United States of America (24 October 1945)
Uruguay (18 December 1945)
Uzbekistan (2 March 1992)
Vanuatu (15 September 1981)
Venezuela, Bolivarian Republic of... (15 November 1945)
Viet Nam (20 September 1977)
Yemen (30 September 1947)
Zambia (1 December 1964)
Zimbabwe (25 August 1980)

Based on the United Nations Protocol's Blue Book "Permanent Missions to the United Nations No. 295", April 2006. Last updated with ST/SG/SER.A/295/Add.5 (3 October 2006)

Annex 2
OECD MEMBER COUNTRIES

Twenty countries originally signed the Convention on the Organisation for Economic Co-operation and Development on 14 December 1960. Since then a further ten countries have become members of the Organisation. The Member countries of the Organisation and the dates on which they deposited their instruments of ratification are:

10 April 1961	Canada
12 April 1961	United States
2 May 1961	United Kingdom
30 May 1961	Denmark
5 June 1961	Iceland
4 July 1961	Norway
2 August 1961	Turkey
3 August 1961	Spain
4 August 1961	Portugal
7 August 1961	France
17 August 1961	Ireland
13 November 1961	Netherlands
7 December 1961	Luxembourg
13 September 1961	Belgium
27 September 1961	Germany
27 September 1961	Greece
28 September 1961	Sweden
28 September 1961	Switzerland
29 September 1961	Austria
29 March 1962	Italy
28 April 1964	Japan
28 January 1969	Finland
7 June 1971	Australia
29 May 1973	New Zealand
18 May 1994	Mexico
21 December 1995	Czech Republic
7 May 1996	Hungary
12 December 1996	South Korea
22 November 1996	Poland
14 December 2000	Slovak Republic

Annex 3

This is a list of African countries by GDP per capita at Purchasing Power Parity. All figures are in 2005 International Dollars.

African Rank	World Rank	State	GDP Per Capita	Total GDP World Rank
1	31	Equatorial Guinea	16,507	2
2	54	Mauritius	13,029	120
3	57	Seychelles	12,135	172
4	42	Morocco	11,444	53
5	62	South Africa	11,035	21
6	63	Libya	11,354	67
7	64	Botswana	10,866	116
8	75	Tunisia	8,223	62
9	87	Algeria	7,095	38
10	89	Gabon	6,977	138
10	91	Namibia	6,658	128
11	93	Cape Verde	6,287	161
12	105	Swaziland	5,181	148
14	115	Egypt	4,282	32
15	129	Angola	2,829	79
16	133	Ghana	2,601	73
17	136	Sudan	2,417	60
18	138	Zimbabwe	2,413	98
19	139	Mauritania	2,307	146
20	140	Cameroon	2,284	82
21	142	Lesotho	2,163	152
22	148	The Gambia	1,999	160
23	150	Guinea	1,986	113
24	151	Djibouti	1,957	168
25	153	Senegal	1,914	111
26	155	Uganda	1,817	75
27	156	Chad	1,744	125
28	157	Comoros	1,717	171
29	158	São Tomé and Príncipe	1,638	187
30	161	Togo	1,600	140
31	162	Côte d'Ivoire	1,475	97
32	164	Rwanda	1,431	131
33	167	Republic of the Congo	1,379	156
34	169	Mozambique	1,335	101
35	170	Burkina Faso	1,326	117
36	171	Nigeria	1,188	46
37	172	Central African Republic	1,163	154
38	173	Benin	1,147	142
39	174	Kenya	1,125	88
40	176	Mali	1,084	129
41	177	Eritrea	917	158
42	178	Zambia	911	136
43	179	Madagascar	911	119
44	180	Sierra Leone	901	153
45	181	Liberia	900	163
46	182	Niger	896	134
47	183	Ethiopia	859	69
48	184	Guinea-Bissau	856	169
49	186	Burundi	753	149
50	188	Tanzania	720	99
51	189	Democratic Republic of the Congo	675	83
52	190	Somalia	600	157
53	191	Malawi	596	145

Annex 4

African Rank	**World Rank**	**Country**	**GDP (PPP) millions of International Dollars**
1	21	South Africa	532,011
2	32	Egypt	302,803
3	38	Algeria	232,692
4	46	Nigeria	173,704
5	53	Morocco	138,006
6	60	Sudan	85,461
7	62	Tunisia	83,353
8	67	Libya	65,647
9	69	Ethiopia	62,744
10	73	Ghana	54,330
11	75	Uganda	48,620
12	79	Angola	43,599
13	82	Cameroon	40,744
14	83	Congo-Kinshasa	40,585
15	88	Kenya	37,065
16	97	Côte d'Ivoire	28,460
17	98	Zimbabwe	28,304
18	99	Tanzania	27,006
19	101	Mozambique	25,974
20	103	Equatorial Guinea	25,439
21	111	Senegal	20,482
22	113	Guinea	18,945
23	116	Botswana	17,207
24	117	Burkina Faso	16,916
25	119	Madagascar	16,323
26	120	Mauritius	16,054
27	125	Chad	14,756
28	127	Namibia	14,198
29	129	Mali	13,532
30	131	Rwanda	12,620
31	134	Niger	11,260
32	136	Zambia	10,568
33	138	Gabon	9,514
34	140	Togo	8,945
35	142	Benin	8,534
36	145	Malawi	7,507
37	146	Mauritania	6,876
38	148	Swaziland	5,646
39	149	Burundi	5,642
40	152	Lesotho	5,113
41	153	Sierra Leone	4,910
42	154	Central African Republic	4,773
43	156	Congo-Brazzaville	4,621
44	157	Somalia	4,597*
45	158	Eritrea	4,250
46	160	Gambia	3,017
47	161	Cape Verde	2,992
48	163	Liberia	2,903*
49	168	Djibouti	1,686
50	169	Guinea-Bissau	1,182
51	171	Comoros	1,114
52	172	Seychelles	1,017
53	187	São Tomé and Príncipe	268
		Total	***2,354,515***

Sources:
World Economic Outlook Database, International Monetary Fund, April 2005 and World Fact Book, United States Central Intelligence Agency, May 2005. (Note that Information may refer to 2004 or earlier)

Annex 4

Source: World Bank – 1st July 2006 (Data for the year 2005).

Rank	**Country**	**GDP (millions of US$)**
—	Gross world product	44,384,871
27	South Africa	240,152
70	Angola	28,038
97	Tanzania	12,111 [28]
102	Botswana	9,350
111	Zambia	7,257
113	Democratic Republic of Congo	6,974
115	Mozambique	6,630
116	Mauritius	6,447
118	Namibia	6,126
127	Madagascar	5,040
135	Zimbabwe	3,364
141	Swaziland	2,731
148	Malawi	2,072
151	Lesotho	1,453

Source: International Monetary Fund, World Economic Outlook Database, April 2007 (Data for the year 2006).

Rank	**Country**	**GDP (millions of US$)**
—	Gross world product	48,144,466
29	South Africa	255,155
101	Tanzania	12,787
104	Zambia	10,942 *
106	Botswana	10,808 *
115	Democratic Republic of Congo	8,543
120	Mozambique	7,296 *
124	Mauritius	6,402
125	Namibia	6,316 *
131	Zimbabwe	5,540 *
132	Madagascar	5,489
148	Swaziland	2,637 *
150	Malawi	2,238
153	Lesotho	1,634 *

* Estimated by IMF staff
* Estimated by IMF staff
* Estimated by IMF staff
* Estimated by IMF staff
* Estimated by IMF staff
* Estimated by IMF staff
* Estimated by IMF staff

[28] Data refer to mainland Tanzania only