GLOBAL INSTITUTIONS

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Kwame Akonor

ROUTLEDGE

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Routledge
Taylor & Francis Group
LONDON AND NEW YORK

First published 2010
by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

Simultaneously published in the USA and Canada
by Routledge
270 Madison Avenue, New York, NY 10016

Routledge is an imprint of the Taylor & Francis Group, an informa business

Typeset in Times New Roman by
Taylor & Francis Books

British Library Cataloguing in Publication Data
A catalogue record for this book is available from the British Library

Library of Congress Cataloging in Publication Data
Akonor, Kwame.
African economic institutions / Kwame Akonor.
p. cm. – (Global institutions)
Includes bibliographical references and index.
1. Institutional economics–History. 2. Africa–Economic conditions. 3. Africa–Economic policy. I. Title.
HB99.5.A46 2009
337.6–dc22 2009021128

ISBN 978-0-415-77637-0 (hbk)
ISBN 978-0-203-86521-7 (ebk)

Foreword

The current volume is the thirty-eighth in our ongoing series on "global institutions," which continues to grow but remains dynamic in every way. Since the first titles appeared in 2005, the series has strived to provide readers with definitive guides to the most visible aspects of what we know as "global governance." Remarkable as it may seem, there exist relatively few books that offer in-depth treatments of prominent global bodies, processes, and associated issues, much less an entire series of concise and complementary volumes. Those that do exist are either out of date, inaccessible to the non-specialist reader, or seek to develop a specialized understanding of particular aspects of an institution or process rather than offer an overall account of its functioning. Similarly, existing books have often been written in highly technical language or have been crafted "in-house" and are notoriously self-serving and narrow.

The advent of electronic media has helped by making information, documents, and resolutions of international organizations more widely available, but it has also complicated matters. The growing reliance on the internet and other electronic methods of finding information about key international organizations and processes has served, ironically, to limit the in-depth educational materials to which most readers have ready access—namely, books. Public relations documents, raw data, and loosely refereed web sites do not make for intelligent analysis. Official publications compete with a vast amount of electronically available information, much of which is suspect because of its ideological or self-promoting slant. Paradoxically, a growing range of purportedly independent web sites offering analyses of the activities of particular organizations emerged, but one inadvertent consequence has been to frustrate access to basic, authoritative, critical, and well researched texts. The market for such has actually been reduced by the ready availability of varying quality electronic materials.

For those of us who teach, research, and practice in the area, this access to information has been particularly frustrating. We were delighted when Routledge saw the value of a series that bucks this trend and provides key reference points to the most significant global institutions. They know that serious students and professionals want serious analyses. We have assembled a first-rate line-up of authors to address that need and that market. Our intention is to provide one-stop shopping for all readers—students (both undergraduate and postgraduate), negotiators, diplomats, practitioners from nongovernmental and intergovernmental organizations, and interested parties alike—seeking information about the most prominent institutional aspects of global governance.

African economic institutions

The economic and social performance of many of Africa's states since independence has been far from spectacular, even if it is an exaggeration to say, as travel writer and novelist Paul Theroux does, that "all news out of Africa is bad."[1] Clearly the news has not been pleasant from a continent that has witnessed massive displacement and war, dramatic falls in human wellbeing, growth in a small number of economic sectors and catastrophe in many more, and the accumulation of huge amounts of wealth by small elites and the relative and steady impoverishment of the many. But it is important not to ignore the advances that independent rule—however awkwardly realized—has brought to some parts of a continent that was until very recently still governed by European powers, and their settlers, in all-too-often brutal ways.

Much of the blame for Africa's less than spectacular performance has been attributed to the corruption and ethnic loyalties perceived to be endemic to the continent. And while it is the case that the legacies of colonialism and of inappropriate aid and trade regimes have also figured[2] (albeit to a much lesser extent) in explanations of the continent's underperformance, the institutions specifically charged with overseeing Africa's economic development have attracted almost no attention. Few scholars even note the existence of these bodies; while fewer still offer accounts of the role that they have played in the continuing underdevelopment of the continent.[3] This stands in stark contrast to the criticism that global economic institutions like the World Bank and International Monetary Fund have attracted for the role they have played in dealing with Africa's economic and social misfortunes.[4]

It is nevertheless the case that Africa's economic institutions—the United Nations Economic Commission for Africa (ECA), the African Development Bank (ADB), and the New Partnership for Africa's

Development (NEPAD)—have played a key role in Africa's development and its future prospects. They have acted as conduits for the imposition of global economic reforms that have brought many African states into line with neoliberal ideas about economic and political organization, while at the same time claiming to advance a distinctly African approach to the problems of underdevelopment. Yet, it is precisely because Africa's economic performance continues to be lackluster, and because the claims of these institutions all too often appear to ring hollow, that the role of these bodies needs to be brought to the fore. Moreover, it is precisely because there is a lack of understanding of their successes and failures as well as the politics and consequences of their actions that a coherent account of their activities is needed and is much overdue.

The relative inattention given to Africa's economic institutions, however, creates something of a problem; because few have considered exploring their role in Africa's development, few scholars are able to offer cogent accounts of their genesis, development, and activities. Kwame Akonor, however, is one of those few scholars. Kwame is an assistant professor of politics at Seton Hall University, whose teaching and research focus on international relations, law, and organization with a particular reference to Africa. An up-and-coming African political economist whose CUNY Graduate Center dissertation on IMF conditionality was also published by Routledge,[5] we are delighted to put his current work in front of our readers. As always, we look forward to comments from first-time or veteran readers of the Global Institutions series.

Thomas G. Weiss, the CUNY Graduate Center, New York, USA
Rorden Wilkinson, University of Manchester, UK
October 2009

Acknowledgments

The successful completion of this book would not have been possible had it not been for the steady support and encouragement from Thomas G. Weiss and Rorden Wilkinson, editors of this series. They provided extremely incisive feedback, but I am most grateful for their faith and patience as I worked on the project.

My experience at the Cambridge Advanced Programme on Rethinking Development Economics, under the leadership of Dr. Ha-Joon Chang, greatly refined my thinking in a lot of ways. Dr. LaDawn Haglund of Arizona State University deserves mention for the very useful comments that she provided, and which helped shape Chapter 3.

I dedicate this book to the memory of my mentor, great friend, and confidante, Dr. Ofuatey Kodjoe.

Finally, special thanks to the Akonor family, and to Monique, Efua Asantewaa, and Kwesi-Ansah Yeboa; they more than anyone know best what it took to write this book.

Abbreviations and acronyms

ACP	African, Caribbean, and Pacific
ADB	African Development Bank
APRM	Africa Peer Review Mechanism
AMU	Arab Maghreb Union
AU	African Union
BWI	Bretton Woods Institution
CEN-SAD	Community of Sahel-Saharan States
COMESA	Common Market for East and Southern Africa
EAC	East African Community
ECA	United Nations Economic Commission for Africa
ECCAS	Economic Community of Central African States
ECLA	United Nations Economic Commission for Latin America
ECOWAS	Economic Community of West African States
EEC	European Economic Community
EPA	Economic Partnership Agreement
EU	European Union
FDI	Foreign direct investment
GATT	General Agreement on Tariffs and Trade
GDP	Gross domestic product
GNP	Gross national product
HIPC	Highly indebted poor country
ILO	International Labour Organization
IMF	International Monetary Fund
ISI	Import-substituting industrialization
LPA	Lagos Plan of Action
MDG	Millennium Development Goal
NEPAD	New Economic Partnership for Africa's Development
NGO	Nongovernmental organization
OAU	Organization of African Unity

OECD	Organisation for Economic Co-operation and Development
PTA	Preferential Trade Area for Eastern and Southern African States
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADCC	Southern African Development Coordination Conference
SAP	Structural adjustment program
SMEs	Small and medium-scale enterprises
SSA	Sub-Saharan Africa

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Introduction

It has been half a century since most African countries gained independence to manage not only their political affairs but also their economic destinies. The results from the five decades of economic development have been anything but glowing. Occasionally, there has been modest macroeconomic stability and growth on the continent but they have been neither sustainable nor inclusive. The patterns of economic growth, when they have been positive, have not been sustainable because the overall structural foundations on which African economies rest are fragile and vulnerable to world commodity prices. Compounding this issue is the fact that Africa has a weak industrial base and a massive debt overhang. Similarly, any data celebrating development in Africa ought to be greeted with caution because such data have generally been uneven and mask the variation in economic performance among African countries. A recent case in point is this. The International Monetary Fund (IMF) in November 2008 forecasted that while economic growth will slow markedly for all regions in the coming year, Africa's economic performance will best other regions, with GDP projected at 5.2 percent in 2008 and 4.7 percent in 2009.[1] The uneven nature of such a forecast is aptly captured in the United Nations Conference on Trade and Development (UNCTAD)'s latest report on "least developed countries" (LDCs). Of the 50 countries designated by the UNCTAD as LDCs in 2008, more than half (33 countries to be precise) were in Africa.[2] One of the central claims of this book is that the crisis of development in Africa since independence is related to the policy choices and development models chosen by the actors responsible for the planning and executing of economic development, including African international economic organizations (IEOs).

IEOs and development

IEOs are created to foster trade and economic cooperation among their members, however, the unique and influential role that IEOs play in economic development affects members and non-members alike.[3] For example, the practical impact of the Bretton Woods Institutions (BWIs), the IMF and the World Bank, in promoting the recovery and reconstruction of Europe and Japan, immediately following World War II, is well documented.[4] The history of the European Economic Community (EEC) and its subsequent transformation into the European Union serves as an important reminder about the role of institutions in international relations in general, and regional policy implementation in particular.[5] Moreover, multilateral development banks play a key role in the development assistance strategies of their members by providing loans at concessional rates.

Beyond the provision of practical development assistance for their members, IEOs also provide important new ideas and intellectual arguments that may influence general development thinking. The fierce intellectual and policy critique in the early 1960s by the United Nations Economic Commission for Latin America (ECLA) to the modernization paradigm, which stressed that economic and social progress everywhere follows a linear trajectory, starting at a basic simplistic level and then evolving into a more complex systems level, is crucial to any nuanced understanding of the development challenges facing the global south.[6] The ECLA not only rejected the modernization thesis but it actively advocated an alternative development strategy, based on import substitution, which became the blueprint for many Latin American countries.[7]

In this regard, the mandate of African IEOs is no different from that of its regional and global counterparts: they exist to shape, influence, and assist with development policy of their members. The African IEOs that will be the central focus of this volume, The United Nations Economic Commission for Africa (ECA), The African Development Bank (ADB), and The New Partnership for Africa's Development (NEPAD) continue to play a crucial role in the development agenda of the continent. However, much of the diagnosis and policy prescriptions that the African IEOs favor are heavily determined by global IEOs, especially the World Bank and IMF. It is no wonder that African IEOs are generally supportive of the core neoliberal agenda. Commenting on this trend, Jeffery Sachs rightly noted that African countries, since independence,

> have looked to donor nations—often their former colonial rulers—and to the international financial institutions for guidance on growth. Indeed, since the onset of the African debt crisis of the

> 1980s, the guidance has become a kind of economic receivership, with the policies of many African nations decided in a seemingly endless cycle of meetings with the IMF and the World Bank, donors and creditors.[8]

The nearly universal emphasis by all the post-independence African development strategies on orthodox liberalism as formulaic prescriptions has led many scholars and activists to complain about the marginalization of African voices in the development debate.[9] For some, the development discourse has been a top-down, BWI-driven, elite process with African countries (and by extension African IEOs, the continent's primary economic policymaking bodies) playing a mere supportive and dormant role.[10] The critique is especially poignant since most development indicators show Africa as the region that has made the least progress at the beginning of the twenty-first century. If this is the case, the argument can be made that the historically close working relationship on economic policy issues between African IEOs and their global counterparts, and the excessive faith placed in neoliberal policies, make African IEOs indirect agents to the consolidation of Africa's underdevelopment and dependency. If on the other hand, African IEOs have been active and autonomous in advancing their own alternative development paradigms and policies, then a detailed analysis on the individual and collective (heterodox) African IEO contributions is warranted.

Though there is extensive literature on the role of the World Bank and IMF in Africa's development, any investigation of the role and impact of African IEOs as agents in the continent's development policymaking has received little scrutiny. This book, the first comparative study of the history and effectiveness of African IEOs, will therefore fill the gap in analysis by providing timely information on the role these institutions have played in Africa's development.

There are numerous economic institutions dealing with Africa, making it onerous for the researcher to provide a strict classification. For the purposes of this study, the African IEOs were chosen based on the fact that they are headquartered in Africa and their membership and scope of jurisdiction is continent-wide. According to S. A. Akintan, an African economic institution may be classified as continent-wide, as opposed to regional or local, if the membership is open to countries from the "whole continent of Africa, Madagascar, and other African islands."[11] Beneath this general classification lie several important differences. The ECA is an all-purpose, or general economic institution, while the ADB is a specialized financial economic institution. NEPAD, on the other hand, is a special case. Because it has no legal status in its own right (it

is not a treaty, convention or charter with binding obligations) it can only be considered a quasi economic institution.

Notwithstanding the emphasis on these three continent-wide IEOs, significant attention will also be given to African regional economic communities (RECs). African RECs, such as the Economic Community of West African States (ECOWAS), have been, and remain, central institutional actors in Africa's efforts to resolve its economic development dilemmas. Indeed, Africa's political leaders see RECs as the pillars or building blocks for an African Economic Community (AEC), in which economic, fiscal, monetary, social and sectoral policies would be harmonized across the continent. The commitment to the eventual merger of RECs, and the creation of AEC, is enshrined in the 1991 Abuja Treaty, which lays down a 34-year timetable (1994–2028), in six different stages of different duration for the integration scheme (see Box I.1). Moreover, most RECs in Africa have undergone institutional reforms in response to changes in the global and regional political landscape, such as the demise of the Cold War and the end of apartheid. The presence and/or expansion of RECs pose somewhat of a conundrum for development analysts. For some, continent-wide IEOs and RECs are contradictory process whilst others view both institutions as mutually reinforcing. Still others see multiplicity and overlapping memberships in African RECs as barriers to member states' commitment to treaty compliance and policy implementation. (For a list of the locations of all the African IEOs, including RECs, see Map I.1).

Box I.1 Phases and goals of the African Economic Community

- First phase, 1994–99. Strengthen regional economic communities and establish them where they do not exist.
- Second phase, 1999–2007. Freeze tariffs, nontariff barriers, customs duties, and internal taxes at their May 1994 levels and gradually harmonize policies and implement multinational program in all economic sectors—particularly agriculture, industry, transport, communications, and energy.
- Third phase, 2007–17. Consolidate free trade zones and customs unions through progressive elimination of tariffs, nontariff barriers, and other restrictions to trade, and adopting common external tariffs.

(Box continued on next page)

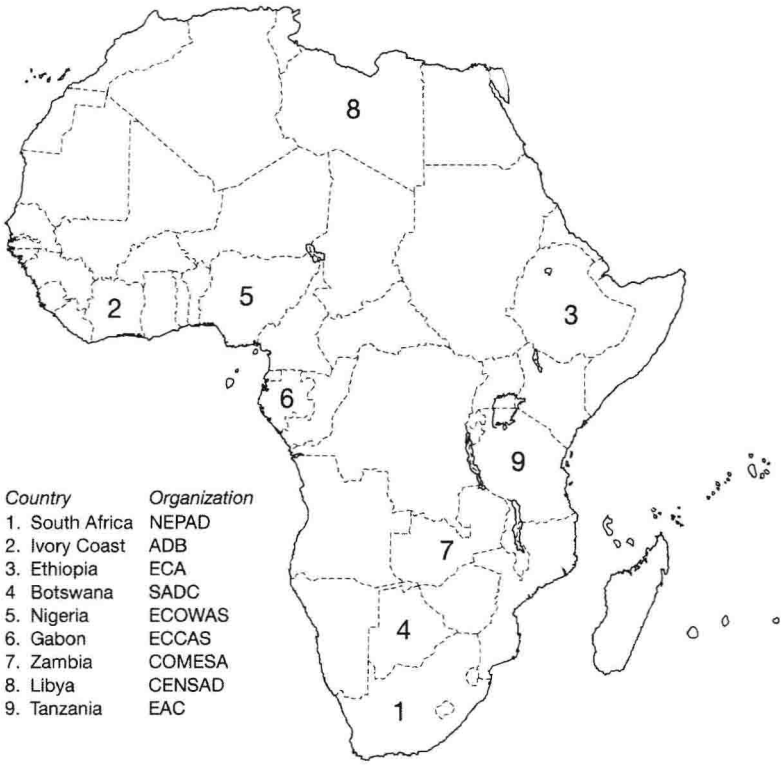
- Fourth phase, 2017–19. Finalize coordination and harmonization of policies and programs in trade and other sectors as a precursor to full realization of the African Common Market and African Economic Community, with all regional economic communities. This phase should result in the free movement of people, with rights of residence and establishment among the regional economic communities.
- Fifth phase, 2019–23. Consolidate the continent-wide African Common Market resulting from the fourth phase.
- Sixth phase, 2023–28. Realize the vision of the African Economic Community, with complete economic, political, social, and cultural integration and with common structures, facilities, and functions, including a single African central bank, a single African currency, a pan-African parliament, and a pan-African economic and monetary union.

Source: The African Economic Community Treaty, 1991.

So in its overall contribution to the literature on global institutions, this volume seeks to find out why certain institutions perform better, or are more effective, than others in Africa. Toward that end, particular attention will be paid to three issues in the African context: capacity, autonomy, and accountability. Do African IEOs have the capacity to carry out their own growth-oriented projects or are they hampered and/or hijacked by an accumulating class, financial constraints, and ineffective bureaucracies? Do African IEOs have the autonomy to set agendas, shape policy, and provide, produce, and/or control information despite the fact that they, like all IEOs, are a collection of national government representatives sensitive to the realities of the prevailing political economy?[12] And finally, to what extent have African IEOs been agents of accountability to the overall societal needs that flow from their mandate, and how have they created opportunities for inclusiveness and participation of the broader publics, to whom their policies affect directly?

Structure of the book

The initial chapter will provide a brief description of the history, mission and development of each African IEO. Significant transitions in



Map I.1 Location of African economic institutions

leadership as well as evolutions in each organization's philosophy of economic development will be also be analyzed, paying particular attention to the underlying dynamics and context of any such change. A part of this section will deal with how politics has affected African IEOs. For instance, the interaction and role that the Organization of African Unity (OAU)—now the African Union (AU)—and global institutions (BWIs in particular) have played in the development of each of these organizations will be examined. Some central questions in this chapter are: Have the purposes of ECA, ADB, and NEPAD changed, and if so, why and what is different now? What is the source of the economic philosophy of each African IEO? To what degree have African IEOs been able to chart their own course in coming up with their development agendas and priorities, and to what degree have they been pressured to follow the lead of the global institutions (such as the World Bank)?