Dialogue on Loan Contraction, Debt Management & Development in the SADC Region

15 - 16 FEBRUARY 2006

Safari Court & Hotel
Windhoek, Namibia

A REPORT

Supported by:

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AFRODAD

African Forum and Network on Debt and Development

About AFRODAD

AFRODAD Vision

AFRODAD aspires for an equitable and sustainable development process leading to a prosperous Africa.

AFRODAD Mission

To secure policies that will redress the African debt crisis based on a human rights value system.

AFRODAD Objectives include the following:

1 To enhance efficient and effective management and use of resources by African governments;

2 To secure a paradigm shift in the international socio-economic and political world order to a development process that addresses the needs and aspirations of the majority of the people in the world.

3 To facilitate dialogue between civil society and governments on issues related to Debt and development in Africa and elsewhere.

From the vision and the mission statements and from our objectives, it is clear that the Debt crisis, apart from being a political, economic and structural issue, has an intrinsic link to human rights. This forms the guiding philosophy for our work on Debt and the need to have African external debts cancelled to enable poverty eradication and attainment of social and economic justice. Furthermore, the principle of equity must of necessity apply and in this regard, responsibility of creditors and debtors in the debt crisis should be acknowledged and assumed by the parties. When this is not done, it is a reflection of failure of governance mechanisms at the global level to protect the interests of the weaker nations.

AFRODAD aspires for an African and global society that is just (equal access to and fair distribution of resources), respects human rights and promotes popular participation as a fundamental right of citizens (Arusha Declaration of 1980). In this light, African society should have the space in the global development arena to generate its own solutions, uphold good values that ensure that its development process is owned and driven by its people and not dominated by markets/ profits and international financial institutions.

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African Forum and Network on Debt and Development

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List of Acronyms

AfDB	African Development Bank
AFRODAD	African Forum & Network on Debt and Development
AU	African Union
CFA	Commission for Africa
CSOs	Civil Society Organizations
EURODAD	European Forum & Network on Debt and Development
G8	Group of 8 Highly industrialized & developed countries
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Countries
IMF	International Monetary Fund
IPPP	International Parliamentary Petition Program
JCTR	Jesuit Centre for Training and Reflection
MDGs	Millennium Development Goals
MP	Member of Parliament
PnoWB	Parliamentary Network on the World Bank
PRS	Poverty Reduction Strategy
SADC PF	SADC Parliamentary Forum
SAEJN	South African Economic Justice Network
TCDD	Tanzania Coalition on Debt and Development
UDN	Uganda Debt Network
USA	United States of America
WTO	World Trade Organization
WB	World Bank

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Acknowledgements

The African Forum and Network on Debt and Development (AFRODAD) and the Southern African Development Community (SADC) Parliamentary Forum are grateful to Members of Parliament of SADC member states and the honourable representative of the Parliamentary Network on the World Bank (PnoWB) for taking their time to attend this important dialogue and share experiences with us. Most importantly we would like to express our deep appreciation to most of the Honourable Members of Parliament of Namibia and the Speaker of the National Assembly of Namibia for agreeing to give the keynote address. We also reference and acknowledge the presence of our colleagues from Europe - the European Forum and Network on Debt and Development and Christian Aid - for honouring our invitation and rising to the occasion. Thank you for sharing your thoughts and perspectives on this important topic of loan contraction and debt management. We are glad to report that our discussions and deliberations from such a distinguished group of policy makers and representatives of civil society organizations were of high quality.

We also extend our special thanks to the Secretary General of SADC-PF, Dr. Kasuka Mutukwa, and the Executive Director of AFRODAD, Mr Charles Mutasa, and their staff for the well-coordinated dialogue arrangements. The dialogue could not have been successful without the gesture of hospitality extended by the Namibian colleagues who warmly welcomed everyone to this beautiful city of Windhoek that hosted the SADC Parliamentary Forum.

Introduction

The SADC Parliamentary Forum (SADC PF), in collaboration with the African Forum and Network on Debt and Development (AFRODAD), convened a regional workshop for SADC Parliamentarians and representatives of Civil Society Organizations (CSOs) to discuss the question of Loan Contraction and Debt Management in the region. The workshop, which brought together about 12 Parliamentarians and 20 CSO representatives, was held on 15 - 16 February 2006, in Windhoek, Namibia, which is home to the SADC PF. The workshop met under the theme 'Dialogue on the Loan Contraction Process and Debt Management in SADC' and was a continuation of an earlier dialogue between Parliamentarians and representatives of CSOs that was held from 23 - 24 August 2004, in Harare, Zimbabwe.

The first workshop benefited from the research commissioned by AFRODAD in five countries, namely: Malawi, Mozambique, Uganda, Tanzania and Zambia. This research investigated the links between debt management, the build up of new loans and the most sustainable ways of financing the Millennium Development Goals (MDGs). Among other issues, the workshop dealt with important topics such as the role of Parliaments and CSOs in loan contraction, debt management, the importance of accurate data on debt as well as the role of the Auditor General, the role of donors, corruption and the need for debt exit strategies.

The second workshop that was well published in the regional media received a lot of coverage in Namibia. The morning prior to the workshop the Namibia National broadcast hosted a live session of Mr. Barney Karuuombe, the SADC PF Regional Integration Officer and Charles Mutasa, the Executive Director of AFRODAD to give the nation a briefing on the meeting, particular ly its essence and timing.

The Aim of the Workshop

The second dialogue was aimed at providing a platform to review what has happened since the first and, most importantly, with a stronger emphasis on debt management, to discuss strategies for achieving participatory and people-centered economic governance especially in loan contraction and debt management. Thus, the sub-theme of the workshop: 'Towards participatory and people-centered economic governance' in SADC.

Objectives of the Workshop

The workshop specific objectives were:

- Reviewing progress since the first workshop
- Interfacing the twin processes of loan contraction and debt management and people's participation in these important processes
- Continue the dialogue on how to enhance Parliamentarians' and CSOs' role and responsibility in loan contraction and debt management
- Reviewing the recent debt relief initiatives by the G8 under the HIPC Initiative
- Learning and experience sharing from the different SADC countries
- Agreeing on Parliamentary-CSOs cooperation on debt and setting a framework for engaging the Executive and other stakeholders, and to
- Proposing a regional approach and framework for loan contraction and debt management.

The workshop covered the following thematic areas:

- Debt and Development in Africa: Towards combating poverty and addressing gender inequality,
- Loan contraction process and debt management
- Better and effective aid for poverty reduction and combating of HIV/AIDS
- Building synergies and alliances to manage debt, address HIV/AIDS, combat poverty and foster gender equality.

Proceedings

Opening and Introductions

The Secretary-General of the SADC PF, Dr. Kasuka Mutukwa, welcomed guests to Windhoek, as the hosting city of the SADC PF, and wished participants good deliberations. He pointed out that the SADC PF represented the voice of the SADC Parliaments, and that Parliamentarians were in turn the voice of the people in the SADC region.

The Dialogue was an opportunity and a platform for Parliamentarians to review, with other stakeholders, notably Civil Society Organisations (CSOs), and reflect on major challenges of the region, with particular emphasis on loan contraction processes and debt management.

The Dialogue would also seek to locate the dividends of debt relief vis-à-vis HIV/AIDS, gender equality and improved debt management. It would also seek to continue the dialogue between Parliamentarians and CSOs, and their role in loan contraction and debt management for the development of the SADC region. He also stressed that it was important to take the lessons and recommendations of the first dialogue, in Harare, 2004, and implement them.

The Executive Director of AFRODAD, Mr. Charles Mutasa spoke of AFRODAD as a national, regional and continental supporter and partner to most development activists and practitioners in Africa since its creation 10 years ago. He pointed out how important this series of dialogues, that was begun with Members of Parliament (MPs) in October 2004, was and its unique character in bringing together policy and lawmakers. In his remarks, Mr. Mutasa bemoaned the fact that in the current era of globalisation and democracy most of civil society organizations and parliaments remain in the dark regarding how loans are negotiated, monitored and repaid in their countries. As if this is not enough, some of our countries still lack the necessary legislation and mechanisms of engaging parliaments and citizens in the loan contraction and debt management processes. He further said that it was saddening to note that AFRODAD research findings indicate that governments and international financial institutions often negotiate and sign loan agreements in a non-transparent and non-accountable way. In some cases parliaments lack the resources and skills to exercise their monitoring and legislative roles and resultantly or ignorantly end up rubber-stamping new lending agreements without properly scrutinizing them.

In concluding his remarks, Mr. Mutasa emphasised to the participants that the two-day dialogue should not only give them a wake-up call on loan contraction and debt management but also help review progress made so far and explore ways and means of improving the speed at which things are going as well as build on the good will and momentum that was generated by the 2004 dialogue held in Harare. He underscored the fact that good and effective loan procurement and debt management systems are indeed frameworks for achieving progress and pulling the African continent from marginalization, poverty, indebtedness, bad governance, conflict and economic quagmire. It was thus vital that during the dialogue participants come up with some clear road map and concrete implementable actions that our governments and citizens can take for the good of our countries.

In his keynote address the Hon. Dr. Theo-Ben Gurirab, Speaker of the National Assembly of Namibia, said it was an honour for Namibia to host such a conference, especially as a country whose "debt" was "forgiven" by the South African post-apartheid regime of Mr. Nelson Mandela. It was therefore a show of solidarity to African brothers and sisters whose development and prosperity is still held back by debt and conditionalities imposed by the debtors.

Dr Gurirab said the region was plagued by poverty, HIV and AIDS and gender-based inequality that limited access to resources amongst others and discussions around the need to manage Africa's debt should not be an end in themselves. Any dialogue on the need to better manage and gradually exit from debt should have development as the ultimate objective.

He pointed out that the advantage of the workshop was to bring together Parliamentarians who on one hand, as people's representatives, make laws including approving the national budget and exercise oversight on the work of the Executive; while on the other side, representatives of Civil Society who have experience of working with the people on the ground has so many insights to offer.

He said when these two groups of leaders are in dialogue it would most certainly be in the best interest of all the people as gone were the days when governance was only the preserve of politicians with Parliaments merely endorsing decisions made as the NGOs concentrated on implementing programmes. Modern and inclusive approaches to governance required all stakeholders to dialogue and agree on the course that would best deliver the desired results to the people.

First Session

Debt and Development in Africa: Towards Combating Poverty and Addressing (Gender) Inequality

A Review and Analysis of Debt and Development in Africa

This session reviewed recent developments in aid and trade, especially the G8's debt relief initiative of 2005, which saw 18 African countries qualifying for debt relief (including four from SADC). Participants critically analysed the expectations and implications that were created by the Commission for Africa, the recent G8 Multilateral Debt Relief, the aid increases promised at the G8 Summit, the review of the Millennium Declaration of 2000 and the outcomes of the World Trade Organization (WTO) Ministerial Summit in Hong Kong to Africa's debt crisis.

Presentation I:

The first presentation from Mr. Vitalice Meja, AFRODAD Lobby and Advocacy Director, told the meeting that Sub-Saharan Africa has the worst human development index. The region experienced an increased number of extreme poverty cases - rising from 44.6 per cent to 46.5 per cent (1990 - 2001) and registered the lowest primary school enrolment rate. It further experienced a deepening and spreading rate of HIV/AIDS infection (25 million living with HIV/AIDS while 2.2 million died of the disease in 2003 making the prevalence rate stand at 8 %, which far exceeds the global rate of 1 per cent).

The speaker pointed out that economic growth levels have remained insufficient to achieve income poverty in MDGs (4.6% in 2005) while terms of trade for oil importers continue to deteriorate.

He revealed that African governments were showing a new vision, both individually and collectively, in the areas of trade negotiations, common positions on aid and debt relief and regional integration, particularly through the African Peer Review Mechanism (APRM) and the Africa Union (AU) to address governance and conflict related issues. It was noted that the African governments were significantly improving on public service delivery as well as on efforts of fighting corruption.

He pointed out that the main events for 2005 were the Paris Declaration on Aid effectiveness and donor harmonization; the Commission for Africa (CFA); the Gleneagles - G8 Summit; the Millennium +5 Summit in September in New York and the Hong Kong WTO ministerial negotiations highlighting the dexterity with which the rich countries were quick to lay on promises of debt cancellation, reduction of trade barriers and then dashing Africa's hopes through improbable, but well-hidden conditionalities that make the whole exercise impractical.

On the issue of aid, the workshop was advised that the quality and quantity of aid was adequately discussed and parameters agreed upon. The challenge will be for the CSOs and Parliaments to monitor the actual implementation of the declarations and their impact on Africa. Africa must come up with credible public institutions and development strategies to ensure ownership and discourage interference and dictatorship by donors.

He further noted that there is increasing emphasis on USD 50bn of additional aid by 2015 when the focus should be on the rich nations fulfilling their pledge of aid levels reaching 0.7 of their GNP. This would amount to over USD 630bn annually for MDG-related projects for Africa if aid pledges were not fulfilled.

On Debt, he pointed out that the MDRI was limited to countries that have reached Completion Point of the HIPC debt relief program, leaving many other HIPC and non-HIPC countries that need debt cancellation with nothing. In addition, countries must meet the IMF's tight macro economic performance; have a poverty reduction strategy and public expenditure management systems. It is clear to see that not all African countries will get debt relief. Bilateral arrangements such as the Nigerian Paris Club Deal have severe social and economic consequences for African people

In conclusion, Mr. Meja noted that despite the negative picture, there is some hope for Africa from the major events of 2005, as it continues to improve its governance structures, improving service delivery and resolving its own conflicts. This hope will only be nourished if rich countries start acting like partners, and not contractors with conditionalities. They must deliver on promises made on quality and quantity of aid and also those made on trade.On Debt cancellation - the IMF, World Bank and AfDB must align their programs within national priorities and not vice versa.

Presentation II:

Implementation Issues: the 14 African HIPC Countries and the G8 Debt Deal + Nigeria Paris Club deal: the Practical Implications to their Development agenda

Mr. Jack Jones Zulu, of the Jesuit Catholic Training Reflection (JCTR), Zambia, spoke on implementation issues for the 14 African HIPC Countries benefiting from the G8 Debt Deal as well as on the Nigeria Paris Club debt deal, focussing on the practical implications to the development agenda.

The 14 HIPC Countries that are to benefit from the G8 debt Deal are: Benin, Burkina Faso, Ghana, Senegal, Mali, Niger, Ethiopia, Tanzania, Madagascar, Mauritania, Mozambique, Uganda, Rwanda and Zambia. All of them are 'HIPC graduates' who have undergone structural and macroeconomic policy reforms at the hands of the IMF and World Bank. These countries were generally found to have 'properly behaved' in the context of the PRGF arrangements.

Under this deal, the G7 Finance Ministers (G8 minus Russia) agreed to write off US$40 to US$55 billion of debts owed to the WB, IMF and AfDB. The deal pledges to unlock resources badly needed for poverty reduction and development in general; deliver US$25 billion in foreign aid to mostly sub Saharan Africa and to relieve these countries of their heavy multilateral debts.

Important to note, however, is that the deal is subject to harmful IMF/World Bank conditions - essentially a strong control of these economies. It calls for stringent free market reforms, budget cuts, financial and trade liberalisation, macroeconomic stability, privatisation, user fees in hospitals and schools, falling far short of what is needed on debt, aid and trade and also ignoring the issue of capital flight in African economies.

Nigeria has about US$30.4 billion in external debt, mainly owed to the Paris Club creditors. More than half is owed to Britain, France, and Germany. In June 2005, the Paris Club devised a 'framework' for reducing Nigeria's external debts, thus, on 20 October 2005; Nigeria reached an "agreement" over its external debt to the 15 Paris Club Members. Under the deal US$18 billion would be cancelled. However, Nigeria has first to pay the remaining US$12.4 billion to the creditors upfront (between October 2005 and March 2006). Gordon Brown in December 2005 described this as Nigeria repaying "a small proportion of their debt" and went further to say Nigeria could afford it because of its oil income.

Mr. Zulu critically noted that it is morally unacceptable that developed countries are taking US$12 billion from Nigeria - a country where more than 80 million people live on less than $1 a day. In fact, Nigeria has already repaid more than it borrowed (US$17 billion) as the outstanding debt has been paid six times over mainly in penalties and high interest rates. This means that Nigeria is overly subsidising developed countries with money meant for MDG programme implementation. Payments demanded upfront are more than Nigeria will save in a decade.

He concluded that all forms of debt relief and aid are welcome to Africa as long as their quantity and quality are able to facilitate attainment of MDGs. Donor support should not be anchored on stringent conditionality that tends to work against the vulnerable and poor people. Donor support should be aligned to country development programmes and priorities. On the other hand, African countries should realise that development programmes should not be based entirely on the benevolence of donors in the North, but should instead devise innovative ways of raising their own domestic resources in a sustainable way.

The lead discussant for this session, Lucy Hayes of EURODAD, raised three issues on the presentations. She pointed out that the G8 debt deal, while capable of cancelling a considerable amount of multilateral debt, is by no means a 100% debt deal as the media and the G8 leaders have trumpeted it. This is because it does not cover all creditors and all countries, because by limiting itself to the largely flawed HIPC initiative it will not be able to achieve fair and just sustainable development that developing countries need most.

While the World Bank and the IMF have proposed a framework that would calculate how much debt a country can hold in order for its debt level to be sustainable, this is based on a country's ability to repay the debt and does not take into account the resources that are required to ensure the basic need of the population.

She challenged both parliamentarians and civil society to ensure that the debt sustainability framework, as it stands, does not become the framework by which debt cancellation/new financing is decided on but that development financing is based on the needs of the country.

She also pointed out that another reason for debts to be cancelled is because many of these debts are illegitimate. They were contracted by dictatorial regimes or wasted through corruption. Thus, citizens should not have to bear the burden of these debts from which they have not benefited.

She further noted that the challenges of improving governance and reducing corruption were recognised as an issue both for the creditor and the debtor countries. There has been irresponsible lending by donor countries as well as irresponsible borrowing by recipient countries. Another important challenge was to develop responsible financing standards where both donors and recipients commit themselves to transparency, to fight against corruption and to respect human rights in new loan agreements. These standards are not something that should be decided upon by donors, or even by donors together with a few people within the Ministry of Finance. Rather they need to be transparently decided upon by a body independent of donors and with participation by different groups and their commitments monitored.

She added that the third challenge is related to the issue of conditions that are put on debt cancellation and on new aid. Donors have too often been crowding out the policy space and pushing reforms on developing countries that have had negative impacts on poor people.

Plenary Discussion

Participants were appreciative of the essence of the presentations. Most members of parliament lamented the fact that they never had an opportunity to hear about the international developments that have so great an impact at national level where they are dealing with policy-making issues. They urged the dialogue organisers to ensure that they have a platform and more space to interrogate some of these development issues. Tied to this, a number of key concerns were raised and discussed by the participants. These are itemized below:

- In most cases, conditionalities are not discussed and analysed by parliaments before loans are contracted. Most government finance and economic development ministers have been mortgaging their countries without parliament's knowledge and approval. In most cases the reporting is done as a post-mortem exercise and nothing is reversible even if parliament disapproves of it. Thus, there is need to involve parliaments in important development matters at an earlier stage.
- There was concern that Africa continues to sign a number of conventions, declarations and agreements with development partners especially donors without proper consultation with its parliaments and people. What makes matters worse is that when African governments face problems and opposition from their Northern partners they then want the people's sympathy and solidarity.
- The building of synergies and alliances with other developing countries was mooted during the discussions. It was noted that the Latin American parliamentarian forum has since signed the Montevideo Declaration that spoke to the issues of parliament's concern with resolving the Third World debt crisis. There is also need to learn/find out more from the Latin American country cases and experiences on the same issues as this will assist in raising consciousness of the different role players.
- Some participants felt that there was need to target and build the capacity of political parties in discussion on the debt crisis as they play a critical role in debt/loan contraction issues. The point was that most African governments still rule countries from the chambers of the ruling party, thus lobbying for better policies and systems should also be extended to that frontier.
- There were expressions that there is a strong need to continue highlighting to the Bretton Woods institutions - the Bank and the Fund - and even to the other development partners the contradiction between the Heavily Indebted Poor Countries (HIPC) Initiative tenets and aid effectiveness in the developing countries, especially the Southern Africa region.
- The issue of resolving the debt crisis through acceleration of regional integration and consequently intra-regional trading and financial transactions was brought up. The example of post-apartheid South Africa forgiving Namibia's debts is to be emulated by fellow African countries. There is need to pursue the alternative of borrowing within the region, which should be better as it is expected to come with more favourable terms and less or no conditionalities than borrowing in the west.
- A call was made for AFRODAD and the SADC-PF to do more to educate more Members of Parliament (MPs) on debt and other development issues.

Session Two:

The Loan Contraction Process and Debt Management

The second session was opened with highlights of the first workshop, in Harare 2004, and current experiences with the loan contraction process in Africa.

Presentation I:

A Review of the 2004 Civil Society - Members of Parliament Dialogue

Mr. Charles Mutasa, the AFRODAD Executive Director gave a briefing of the first dialogue held in Harare in October 2004, explaining developments after the meeting and how it linked with the second dialogue. He gave the objectives of the first dialogue as:

- To share research findings of AFRODAD
- Establish a link between civil society and Members of Parliament
- Share experiences and insights on the subject matter
- Explore mechanisms that can enhance citizens and parliamentarians' engagement and involvement in loan contraction and debt management.
- He went further to mention that the first dialogue was based on AFRODAD's five country studies on the Loan Contraction Process in Uganda, Tanzania, Zambia, Mozambique and Malawi. Some of the findings include the following:
- Constitutional and legal gaps that need redress - too much power given to Finance Ministers at the expense of every citizen. The case of Zambia's 1969 Loans and Guarantees Act that empowers the Finance Minister to borrow, "…as he deems necessary" may need to be revisited. Only 7 out of 14 Parliaments in the SADC are mandated to approve loans
- Most countries do not have a Debt and Aid policy and things just happen haphazardly as opposed to following national priorities and programs.
- Parliaments, because of political affiliations to the ruling party, are merely weak and often rubber-stamp executive fiat
- There is generally lack of harmonization and coordination between government ministries, departments and agents in terms of debt management in a number of countries.
- Some countries have good legal provisions but face implementation and enforcement mechanisms.
- Most government watchdog institutions (i.e. anti-corruption bodies, auditor general's office) fail to timeously monitor and check on the Executive due to budgetary, patronage and other constraints.

Mr. Mutasa concluded by noting that a lot of initiatives for collaboration between parliament and CSOs were on the offing since the first dialogue. AFRODAD and other organizations were involved in sending parliamentarians to the Annual Meetings of the World Bank and the Fund in 2004. A petition has since been written to involve parliamentarians in the work of the Bank and other development processes. He reminded participants that some presentations were to be made the following day on some of the initiatives that parliamentarians can participate in.

Presentation II:

Overview of Loan Contraction and Debt Management in the Southern & East Africa Region

Mr. Simon Namagoa, a programme officer with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) continued the session with an overview of loan contraction and debt management in the Southern and East Africa region. He revealed that any public debt or loan contraction starts with a legal mandate.

If an enabling constitution does not provide for any entity to commit government to some form of indebtedness, doing so by any arm of government would be illegal.

The legal framework within the MEFMI region is such that a number of Acts governing borrowing have been in existence for a long time without major reviews in line with current practices of debt management. There is an urgent need for authorities to re-examine Acts governing borrowing in the respective countries.

The essence of public debt management can be seen from the fact that government borrowing is normally the largest singularly managed financial portfolio in a country. Poor debt management can threaten financial stability in the domestic economy.

Debt management is an integral part of macroeconomic management. Governments embark on borrowing to enable higher expenditures than would otherwise be possible using their own resources. Public debt management is therefore the task and activities of implementing strategies for government borrowing in terms of raising required amounts in a cost effective approach.

He went on to say that the MEFMI Debt Management Programme focuses on strengthening member states' capacity to competently manage public and publicly guaranteed external and domestic sovereign debt as a contribution towards sustained poverty reduction. The concern is to ensure that countries incur minimal costs in loan contraction as a saving towards priority social sector development. Over the years they have engaged in extensive capacity building support in loan contraction in the form of training, missions and hotline support in loan administration and analysis; effective institutional arrangements and information flows as well as debt sustainability analysis, particularly for the Heavily Indebted Poor Countries (HIPCs). This support has been availed to the relevant departments/ divisions in the Ministries of Finance and Attorney General's Offices /Ministries of Justice; and the Central/Reserve Banks. Specifically this is done in the three functional areas of debt management offices: front, middle and back offices that have roles to play in loan contraction. He further pointed out that the policy challenges identified by legislators from MEFMI consultations were that there should be awareness of sources of financing or loan contraction, and should know how to structure the legal authority for borrowing and the institutional arrangements for carrying out this authority.

Presentation III:

A Country Experience with Loan Contraction and Debt Management: The case of Uganda.

Mr. Julius Kapwepwe, of Uganda Debt Network (UDN), gave an insight on Uganda's experiences with loan contraction since its independence in 1962, when its economy was one of the most robust in Sub-Saharan Africa. Hostile political leadership in the 1970s destroyed the economy, as did the subsequent confusion, like the guerrilla wars in the 1980s. Attempts made by the then Obote government to reform and restore the economy led to increased loans, especially from the IMF and WB, and the debt burden for Uganda started. The reforms that had been primarily engineered by the two multilateral bodies encouraged imports, liberalization and other related policies. The deficit was inevitably financed mainly by loans from IMF and WB.

In 1986 the current government in Uganda took over power and, together with the IMF and WB, initiated the Economic Recovery Programme (ERP), with the conditionalities of Structural Adjustment Programmes. Under the ERP, between 1997 and 2000, IMF financial support loans to Uganda reached US $700 million while the IDA loans were US $2 billion, increasing further Uganda's debt problem .

The speaker related how Uganda's loan contraction process and debt management are provided for in the national laws. Various regulatory institutions to coordinate government (both National and Local Governments) borrowing, in this case, have been put in place but may not be adhered to.

Uganda's debt stock rose to US $4.55 bn in 2004, having grown from US $152 m in 1970 to US $2.6 bn in 1990 and US $ 3.5 by 2000. This was largely multilateral debt, while the bilateral debt has been reduced since the late 1990s, as a way of controlling the country's debt management strategy. Despite the fact that Uganda was the first country to reach the HIPC Initiative Completion Point in 2000, the debt burden stock kept increasing, partly due to debt servicing of the new loans contracted.

The experience of Uganda's loan contraction process and debt management could not be understood outside the debt relief initiatives the country has benefited from in the 1980s, 1990s (HIPC) and recently the July 2005 Gleneagles Multilateral Debt Relief Initiative (MDRI) by the G8 summit.

Between the 1980s and 1990s, Uganda benefited from various debt relief initiatives, but they offered only a piece-meal solution and with a lot of conditionalties. Most bilateral debt relief initiatives in this period merely rescheduled rather than cancelled debts completely.

The main laws that apply to the loan acquisition process and debt management are mainly the Constitution of the Republic of Uganda (1995), the Public Finance and Accountability Act (2003), the Budget Act (2001). The Public Finance and Accountability Act (2003) rests the powers to raise loans with the Minister of Finance (Ministry of Finance, Planning and Economic Development - MFPED). The Act also enumerates the purposes for which the government can borrow, issue guarantees plus the mechanism for negotiating the terms and conditions before taking on a loan. The Budget Act is generally a tool for fiscal discipline in Uganda. Additional mechanisms that govern the issuance of treasury bills/bonds are spelt out in the country's Treasury Bills Act (1969).

Institutionally, the Bank of Uganda, MFPED (e.g. Aid Liaison Department, Balance of Payments Committee, Cash Flow (Finance) Committee, Donors Coordination Committee, Development Committee, External Debt Budget/ Repayments committee) and Parliament (e.g. Budget Office) are the major institutions involved in the loan contraction process and debt management in Uganda. The responsibility of negotiating, contracting, disbursement, authorization and repayment of debt by and large rest with MFPED, while monitoring of loan performance is co-shared by both MFPED and Bank of Uganda (BOU). The BOU also collects, records and analyses data relating to public and publicly guaranteed debt to ensure that the loan to be acquired is in line with Uganda's capacity to pay back. BOU further ensures that it records external private sector borrowing and repayment obligations, for statistical purposes.

The legal and institutional framework in Uganda does not provide a clear consideration on the level at which civil society can give its contribution. The processes are inherently a domain of the government organs. The public (including the media) can only officially get acquainted with the contents of the loan contraction documents after the negotiation and approval stage in the contraction process.

Mr. Kapwepwe pointed out that it is also somewhat difficult for civil society to access data/information on matters pertaining to loan contraction agreements. Even though there is room for CSOs to participate in policy processes, it is mainly by invitation and selection, dictated by the 'sensitivity' (minimal transparency, covert interests of the negotiators, etc) of the issue at hand. A weak and uncoordinated mechanism of civil society organizations (CSOs) in Uganda sets a challenge for their participation in the loan contraction process and debt management. Some CSOs have a limited knowledge base and capacities of engaging on the fiscal and related policy matters generally and Uganda in particular.

Plenary Discussions

It was clear from the session that there was urgent need to sensitise both civil society and Members of Parliament on the issues of loan contraction and financing for development matters. This, therefore, calls for further training and adequate resources for capacity building. Another key observation was the constant call for independent debt audits of debt management operations, constitutional and legal changes in most countries where there are no conducive, transparent, accountable and inclusive participatory, economic and financial systems.

The following Key points were raised and discussed in Plenary:

- Africa should learn to live within its means and stop borrowing for consumption. Responsible borrowing does not lead to indebtedness. Governments must borrow for capital projects not for food and HIV/AIDS drugs. The important thing is that there is need to focus on loans that can repay themselves.
- The criteria used by donors to impose conditionalities for the release of resources remains flawed - and so was the criteria used to select the MDRI beneficiaries. Participants pointed out that initiatives for resolving the debt crisis must not remain the monopoly of the creditors-Africa's voice and solutions must also be heard.
- Concern was raised that African policymakers have not taken an active lead on the HIV/AIDS issue; the continent has succumbed to foreign ideologies. There was need for parliamentarians to take a lead role in fighting HIV/AIDS if Africa is to win the battle against the pandemic.
- Due to imbalance of power relations, short-term processes and initiatives are being rashly imposed on Africa.
- Some participants were worried that Africans are not being masters of their own destiny. African leadership seem to have left a lot to the outside world to determine its future -policy and strategy wise. Africa has left its boarder porous and therefore being infiltrated by various enemies.
- CSOs and Legislature have to work together/collaborate to bring issues to the fore. CSOs can for example fund the moving of motions around loan contraction and debt management through key parliamentarians.
- In all the discussions, participants noted that there is need to be cautious about the differences in the political arena - there is a tendency to vote for political parties not representatives of people therefore that affects the space available for people to influence decision-making.

Session Three

Presentation I

Better and Effective Aid for Poverty Reduction and Combating of HIV and AIDS

Dr Christina Sadia, of Action Aid, South Africa gave a brief but critical analysis of how donor aid can tackle HIV and AIDS in Africa. She informed the meeting on aid that has been put on offer by the donor community to tackle HIV/Aids, and the timeline that Africa was facing to accept this aid. She said there had been a tremendous interest in bringing aid to Africa to combat HIV/Aids, but wondered if this aid was free of any conditionalities.

She highlighted that HIV/AIDS initiatives were becoming limited, including the 3 x 5 (3 million patients on anti-retrovirals by 2005) initiative that had ended in December 2005, and that those who had been on this programme have to get onto other programmes to survive and access drugs. African governments cannot sustain these programmes after donors pullout.

The G8 Debt Deal - the Blair Money, has put: US$50 million on the table for the next five years. This came from CSOs' efforts in pushing for universal access to drugs. Because of the conducive atmosphere at the time of campaigning the request was quickly accepted and brought to the attention of the G8.

One of the important questions to ask, among others therefore, was if this money was going to trickle down to the caregivers, who are mostly women. Decisions on how to access this funding had to be taken by August this year. She then argued that Africa needs to take a position and get access to this money. She challenged Parliamentarians to be objective when debating HIV/AIDS issues before them in Parliament. HIV/AIDS should not be generalised.

Participants were interested in knowing how laws could be appealed or amended, particularly those relating to grants and loans, and to examine closer the definition of what constitutes a loan rather than a grant. Another question was on who defines/imposes conditionalities? Participants wondered and expressed worry considering the gravity of the HIV/AIDS pandemic and the slow response it was getting from the continent's leadership. Participants also questioned:

- If Africans had the luxury of discussing different HIV/AIDS-combating scenarios, especially the language while the diseases was so rampant.
- Whether Africans were so helpless that they should pick any propositions that are thrown at them. It was suggested that we should take our time to come up with better strategies instead of rushing for imposed solutions that led to branded drugs. After all, these are the lives of the most vulnerable and poor people.

In her response to the participants' sentiments Dr Sadia bemoaned the fact that Africa's own professionals were failing it. Africa has 68 percent of the HIV/AIDS burden, and yet only 1.8 percent of the professionals to care for it while the rest are now in the Diaspora for greener pastures. She also noted that African professionals and civil society groups had

not shared their knowledge and expertise with Parliamentarians to help them make better-informed decisions and policies.

Presentation II

Aid Harmonization and Effectiveness as seen in Global Discussions of 2005

Mr. Francis Ngambi, Programme Officer, South Africa Economic Justice Network (SAEJN) expounded on the Paris Club Declaration and the issues around the G8 Aid effectiveness. He said two to three years down the line, the developed countries have begun to translate the Rome and the Paris Declarations into action and in some instances fruits of the initiatives are slowly becoming visible on the ground. However, it was clear the initiatives will not achieve the intended purpose if some structural as well as implementation challenges are not addressed both by the developed and developing countries.

He noted that although aid flows to Africa have been increasing since the Monterrey Conference of 2002, only a small share of the incremental aid has been provided in the form of program and project assistance. Excluding South Africa and Nigeria, official grants as a share of GDP are projected to increase to 3.2% of GDP in 2005, from 3.1% in 2004.

After falling by almost 7% a year in the late 1990s, aid flows to the SSA region grew in real terms by 13% a year, on average, in the first three years of the new century. During these three years, per capita aid to the region rose by US$10 in real terms, although it is still lower than per capita aid in the 1980s, when aid to the region was about $34 per capita in constant 2003 prices.

He further pointed out that the Rome (2003) and Paris (2005) Conferences on Aid Effectiveness were held essentially to implement the discussions of the Monterrey Consensus (March 2002) at which developed countries reaffirmed their commitment to the importance of development to the world's well being. He argued that what is new about the Rome and Paris initiatives on better and effective aid is that:

- It has a concrete plan of action towards poverty reduction such as capacity development by helping to set or strengthen accountability systems in a country
- It demands donor harmonization of rules and procedures of reporting
- It demands donors to align aid to national development agendas
- Planned activities and donor flows have some time frames for delivery.
- The planned activities have indicators to check on the effectiveness of the aid given
- The process of donor aid is to be viewed as a continuum of efforts towards reducing poverty by untying more aid beyond the pledged 0.7% of developed countries GDP.

The Rome and Paris Declarations look very good and promising on paper. If developed countries can really commit themselves to making aid effective and meaningful, developing countries would benefit from it. However, the proposed aid effectiveness as given in the Paris Declaration has some flaws and implementation weaknesses. The aid initiative has been introduced with many historically inherent structural problems between rich and poor countries. These problems range from aid relations between the creditor and recipient countries in which aid continues to suit the whims of the creditor states, of which conditionalities are the order of the day especially to those related to the issues of governance and democratization processes in the developing countries. These problems will hinder full realization of the aid initiatives or if not they will exacerbate the very problems that the aid package intends to address.

He also observed that the Paris Declaration is not elaborate enough to address why previous aid has failed to reach the intended beneficiaries and how it will make a difference in the current proposed aid effectiveness initiative. He concluded that many times the problems associated with aid have much to do with legislative and legal processes of developing countries to ensure transparent mechanisms in getting aid and managing it. What is vital from the legislature's point of view is to make sure that donor aid goes through the processes of deliberation and approval especially where the aid involves key sectors of the country.

In his view Parliamentarians can assist in making aid effective by:

1. Assessing projects that need donor aid. It is also important for parliaments to deliberate on any conditionalities if any, which come with the Aid package so that ownership by the country is not jeopardized.
2. Approving the resource allocation: Where the donor aid is given as direct support to the budget, there is need for full parliament deliberation and approval so as to have full commitment to funding the project.
3. Strengthening accountability measures to curb corruption in donor aid: Parliaments have the duty to see to it that Anti-Corruption Bureaus are strengthened to deal with corruption when it arises.
4. Closely following the Loan Contraction processes: Reducing the powers of the Minister of Finance to allow the legislature to assist. This can be done if there is an enabling legislation.
5. Ensuring inclusive participatory processes in Aid and Loan contraction: Parliaments should ensure that wider consultation, including CSOs, is conducted before loans are procured. This will help to legitimize the loans in that more views including alternative views are heard.

Presentation III:

Aid Harmonization and Result Orientated Development: The Case of Tanzania:

Mr. Chamba Kajege, Coordinator of the Tanzania Coalition on Debt and Development (TCDD), addressed the meeting on aid harmonisation in Tanzania. He related how Tanzania's relationship with her development partners deteriorated during the early and mid 1990s, with many donors suspending their support to the country, citing problems of governance, inadequate government ownership of development process and insufficient involvement of all stakeholders in policy planning process.

This led the government to commission a group of independent Advisors on Development Cooperation Issues led by Professor G.K. Helleiner to evaluate this relationship. The commission was asked to pay attention to constraints which could be removed or reduced by either the government or the partner in common. The group was also required to assess two main issues, namely:

- Efficiency and relevance of the then dialogue between the government and its partners that regularly took place both outside and inside Tanzania.
- The relevance and effectiveness of the totality of aid programmes, modes, composition, modalities, donor cooperation, absorption capacity of Tanzania's economy and the institutions through which aid is channelled and problems of accountability.

In 1997 the recommendations of the Helleiner Report were adopted. The recommendations were on how to improve aid relations through the creation of partnerships and local ownership in designing and executing development programmes.

The agreed matters included:

- Tanzania's ownership of, and leadership in, the development process;
- The need for the Government to set out clear vision and national priorities for development
- Strengthen financial management systems
- Greater transparency
- Improve accountability and enhance the effectiveness of the budget management process.

Development partners agreed to:

- Coordinate aid modalities
- Rationalize donor assistance

As a result of the recommendations, the Tanzania Assistance Strategy (TAS) was launched in 2002 as a national framework strategy to promote government leadership and ownership of the development agenda, improve the effectiveness of aid, encourage harmonization and alignment, strengthen development partnership, and reduce transaction costs in development cooperation. TAS resulted from a joint understanding between the partners on the need to improve the effectiveness and efficiency of external resources in achieving poverty reduction goals. In addition to TAS, an Independent Monitoring Group (IMG) led by Profesor Samwel Wagwe was established in June 2002 to undertake reviews of aid harmonization and was jointly appointed by the partners to institutionalize monitoring and evaluation mechanisms. The reports were submitted to the partners for discussion and agreements on the next step.

The Joint Assistance Strategy (JAS) was then established late 2005 with the aim of moving TAS to a higher level of attaining national ownership and leadership in development processes, reduce transaction costs by enhancing harmonization, alignment to national priorities and systems. JAS is a broad framework for all partners (domestic and external) to operate at a higher level of commitment to the principles of best practices in development cooperation as stipulated in TAS.

It replaces individual donor country assistance strategies as one way of reducing multiplicity of donor processes and enhancing aid coordination and promote collective support to Tanzania.

Following the adoption and consequent implementation of the Helleiner Report's recommendations, a number of achievements have been recorded:

- Strengthened Government ownership and leadership in the development agenda. The Government is more assertive, better organized and better prepared in dialogue with development partners. The second generation PRS (MKUKUTA) is both more consultative and national in character than the first PRS.
- Reasonably good progress made in rationalization, harmonization and alignment of processes with views to reducing transaction costs
- Improved public resource management - Transparency and accountability of public financial resources has improved
- Broadened and institutionalized participation by all stakeholders in policy dialogue.

The following challenges still remain:

- Formulation of national priorities and processes in Tanzania Mainland and Zanzibar are yet to be harmonized.
- Progress has been made in integration of national processes with sectors and local government processes, but there is still disconnection between sectors policies, strategic plans and budget.

- The Government need to be more assertive in stating it's preferred forms of aid modality. For example, the Government has expressed a preference for General Budget Support (GBS) as an aid modality, but has not been sufficiently emphatic on this preference.
- Modes of delivering Technical Assistance is still being supply-led, tied to specific forms of procurement and with uneven result in terms of sustained capacity development, due to absence of Government policy on Technical Assistance.

He concluded by stating that despite the above developments in Tanzania there is a growing general concern about the deepening aid dependence that exposes the Tanzania government to risk. He advised the foundation for a smooth exit from aid dependence should be laid down, and an exit strategy must be part of dialogue between the Government and Development Partners.

Plenary Discussion

- There was general consensus regarding alignment and aid effectiveness to national development programs and priorities:
- It is important for both CSOs and Members of Parliament to ensure country ownership of development programs
- Governments should, through national multi-stakeholder consultations, set the national vision and development priorities
- There is need to strengthen institutions of governance, especially in areas of public participation, transparency and accountability
- Civil society organizations must be included in the Public Expenditure Review Committees
- Governments are requested to ensure that Parliament Portfolio Committees have adequate funds to implement their work
- Participants noted that there is need for regional systems to replace colonially inherited structures in order to smoothen the operation of certain economic processes especially debt management.

The southern Africa region may need to have rationalised economic systems and means of accountability regardless of the colonial structures they inherited from their colonizers. This covered the call for a uniform democratic parliamentary system in SADC.

- In parliament, for some countries, there is a need for ruling party faithfuls and the Parliamentary Portfolio Committees to be educated and empowered to do their checks and balances of the Executive.

Day Two

Session 1

Building Synergies and Alliances to Manage Debt, Address HIV and Aids, Combat Poverty, and Foster Gender Equality

Previous Day Recap: by Barney Karuuombe, the SADC PF Regional integration Officer

The session started with a recap of the previous day's discussions by Barney Karuuombe, the SADC PF Regional integration Officer. He summarised the proceedings thus:

Introduction and Opening Remarks: The following were identified key issues in the opening session:

- Parliamentarians and Civil Society have a role to play in loan contraction and debt management
- Parliamentary-CSO dialogue should be encouraged and strengthened at all levels
- Lessons and Recommendations of the first Dialogue should be followed through
- There is a need for good public institutions, strong private sector and harmonization of international assistance as a basis for driving development processes
- Dialogues of this nature should be gender sensitive and encourage women participation as they also have a say in debt and economic management.

Debt and Development

- Africa is lagging in human development index (poverty, HIV and Aids, etc.)
- Africans remain excluded in processes that affect their destiny (e.g. the choosing of the World Bank chief.)
- International development initiatives seem to fail to adequately address Africa's development challenges (MDGs, Debt deal)
- African governments are improving on governance, cooperation and social service delivery and yet a lot still needs to be done.
- 14 countries in Africa qualified for the 2005 G8 debt deal
- The G8 debt deal is wrapped in IMF/World Bank conditionalities
- Debt and development assistance should be aligned to national development strategies
- Loan contraction and debt management in many researched countries had serious constitutional and legal gaps
- There is lack of harmonization and coordination between the institutions of government dealing with debt management.
- Watch dog institutions, Parliamentarians and CSOs are not fully engaged in loan contraction and debt management processes

Better and Effective Aid for Poverty Reduction and Combating HIV/AIDS

- Donor Aid to HIV and AIDS programmes are packed with conditionalities especially patent rights to antiretroviral drugs
- We need to be vigilant in monitoring commitments made by the international community (e.g. commitment of 15% to HIV/AIDS-Africa)
- There is a need for donor coordination and harmonization of donor processes in dealing with development countries
- Africa needs structures and procedures for donor engagement (e.g. Tanzania Assistance Strategy, TAS)
- Consultations in national development strategies and priority setting should be encouraged within multi-stakeholder set-ups (i.e. Government, CSOs, Parliaments and development partners)

Presentation I:

Fair and Transparent Arbitration Mechanism on Debt

Ms. Mukelabai Mundale, Program Officer, AFRODAD introduced the concept, rationale and call for a Fair and Transparent Arbitration of debt mechanism by informing the meeting about the dispute around the debt crisis; with Debtors and Creditors shifting the blame on who is responsible for the causes and who should shoulder the solutions. The two positions are essentially not reconcilable as exhibited by the fact that up till now the Creditors have designed all debt relief mechanisms and the Debtors do not see such solutions as having been designed to meet their development needs.

The United Nations should, therefore, take steps to establish the International Court of Arbitration on Debt to enable Debtors to present and argue their case to the Court. The Arbitration Court is a sustainable way of not only resolving the current debt crisis but a place where Creditors and Debtors will have to learn to ensure that development must be about increasing the welfare of the people and that financial resources must be directed accordingly.

The need for a sustainable solution remains valid in order to ensure that the current debt crisis does not repeat itself. If it does, as is already being anticipated , it should be of a qualitatively different nature and that it would also be more manageable than the current one.

In this regard, she announced that AFRODAD is working towards bringing up cases for arbitration over the next two years. The following are Steps been taken:

- AFRODAD will build up 10 good cases that would be viable for arbitration by a Tribunal on Debt. Five cases will deal with illegitimate debts and five with the role of international financial institutions in the development processes.
- AFRODAD will nominate a Commission on Debt from civil society to lead the process of research, dissemination of information and engaging with institutions on the establishment of the Tribunal, securing civil society participation in the process, ensuring that the creditors and debtors will submit to the process and encouraging a positive outlook towards the Arbitration tribunal;
- AFRODAD will mobilize civil society to endorse and support the claims in the 10 cases. Other continents may wish to also submit their claims to the Tribunal.
- The Claims will be deposited with the Secretary General of the United Nations and the African Union (in the case of Africa) calling for these to be discussed as the beginning of the establishment of an Arbitration Tribunal under the United Nations.
- AFRODAD will engage in ongoing Lobby and Advocacy follow up on the establishment of the Tribunal and in mobilizing for civil society participation in giving evidence at the Tribunal.

She went on to point out that there are many cases of odious debt; debt assumed by one regime and which cannot be passed on to another for objectionable reasons, such as the South African apartheid debts which the current regime does not have to repay. It is estimated that apartheid's foreign debt is estimated at some US$ 25 billion. Although it is not clear how much of this still has to be repaid, there is a genuine case for it to be repudiated on the grounds that apartheid policies violated most of the rights in the 1948 Universal Declaration of Human Rights and other covenants and that a people who suffered such policies cannot morally be expected to repay loans which helped oppress them.

The people of the Democratic Republic of the Congo (DRC) should also repudiate the debt to Mobuto's Zaire. The recent study by AFRODAD makes detailed analysis of the DRC and Malawi's debts considered to be odious and/or illegitimate.

There are also numerous cases of wrong policy advice by the IMF, the World Bank and even the European Union. These can easily be concretised, more evidence collected and presented to an Arbitration process without difficulty.

Presentation II

Civil Society Initiatives on IFIs and Parliament: International Parliamentarian Petition (IPP)

Ms. Moreblessings Chidaushe, Program Officer, AFRODAD presented civil society initiatives on IFIs and Parliament, specifically the International Parliamentarians Petition Project (IPP). This is part of on-going initiatives that civil society organisations both in the North and South are making, specifically to increase the continent's voice (through parliamentary scrutiny) in the delivery of IFI aid (the bulk of which comes in the form of the problematic loans) and to strengthen the continent's position in the global community and to ensure that development aid works better for the poor.

The IPP was launched during the IFIs' 60th anniversary celebration in which there was really nothing to celebrate. The event was dubbed "60th Unhappy birthday" - because of the reality of entrenched, ill-advised economic policies, fragile economies, illusive debt relief, poor quality and quantity aid, increasing poverty, disease, conflict and illiteracy, undermined democracy and national sovereignty. To raise awareness around the need to closely monitor IFI work in developing countries, the International Parliamentarians' Petition was launched in April, 2005 in Washington DC at the Bank's Spring meeting.

The IPP Project recognises the importance of Parliamentary oversight as key to good governance, the deepening of national accountability, the nurturing of democratic processes and that without it we cannot be talking about national ownership of development processes as being preached by the IFIs. The involvement of parliamentarians has been acknowledged at all levels - even the IFIs themselves acknowledge that.

The IPP is a practical way for both parliamentarians and CSOs to support the principle of parliamentary sovereignty and to call for parliaments to be fully involved in the development and scrutiny of the IFI policies in their respective countries. This is a way in which pressure for reform can both be directly and indirectly exerted on these institutions.

The objectives of the IPP are:

- To seek increased and sustained parliamentary involvement in the development and scrutiny of IMF and World Bank policies.

The project would lead to increased involvement of national parliaments and could lead to exposing of harmful conditions and projects being implemented by the IFIs.

- Increasing direct and sustained pressure on the IFIs to acknowledge that more needs to be done and to take some action.
- Improve the democratic accountability of the IFIs to national parliaments.

At global level, a Steering Group coordinates the IPP with members of both Northern and Southern CSOs. At continental level, regional representatives coordinate the respective region's activities.

In 2005, seven parliamentarians from Kenya, Malawi, Indonesia, Italy, UK, Argentina and Brazil were funded by the IPP project to travel to Washington to present the Petition - with more than 1000 signatures) to representatives of the IMF/WB. This was a highly successful event as the MPs got to meet and petition the IFIs at the highest level. They also met with various Executive Directors. The benefit of such an activity is that it puts increased direct pressure on the IFIs to acknowledge the need for reform in IFI governance and their role in developing countries. The delegation met the US Congress to garner support for the petition amongst US lawmakers, while there were over 20 media interviews and newspaper articles in the US and internationally.

So far more than 1000 signatures from more than 50 parliaments across the globe have been collected from Ghana, Kenya, Malawi, Mali, Niger, Tanzania and Uganda. In the UK, the IPP support from over 150 parliamentarians has directly led to the UK government announcing, as part of a new aid policy, parliamentary scrutiny on aid conditions.

This is an on-going petition that is kept open for MPs to sign at any point, as there is no deadline. Those interested can log on to the website www.ippinfo.org and all MPs were urged to talk to their colleagues and support this petition.

Presentation III:

Parliamentary Initiatives on International Financial Institutions (IFIs) and Development.

Hon. Mr. Norbert Mao, MP, Uganda who is the Chair of the Parliamentary Network on the World Bank (PnowB) (East Africa Chapter), gave an insight into this organisation

In 2000 a group of about 50 parliamentarians from about 30 countries gathered in The Hague for the first ever meeting between the World Bank and parliamentarians. This was unprecedented, as the World Bank and IMF usually prefer to deal with the executive branch of the government. This was therefore a groundbreaking meeting to create a direct channel of dialogue between parliamentarians and the World Bank.

But a one-off meeting would not be able to build the trust necessary for a meaningful dialogue. An institutional framework would be required to do this. That is how the idea of forming the Parliamentary Network on the World Bank (PNoWB) came to be mooted and accepted. The level of attendance from the World Bank showed that they took the meeting very seriously. The World Bank President, James D. Wolfensohn and the Vice President for Europe both addressed the Hague meeting giving it a very high profile. The then Dutch Minister for International Development, Ms Evaline Herfkens, herself as someone who has been at the forefront of calling for reforms of the international financial institutions, gave the initiative her full blessing and authorized the first grant to fund the activities. Current Norwegian Minister for International Development, Hilde Johnson also attended and addressed the meeting. From around the world, parliamentarians prominent in the field of international development and combating corruption were the majority. The strides that the PNoWB has made can be traced to that first ambitious cast.

He went on to explain that the PNoWB brings together parliamentarians from both underdeveloped and developed countries. The interests of parliamentarians from borrower countries and donor countries cannot be identical. This diversity of worldviews and interests had to be reflected in the organisation. But even within this diversity, there is an intersection of common interests. One of these is to ensure that the International Financial Institutions (IFIs) do a good job by addressing the real needs of the people that the parliamentarians represent. These common interests can only be identified and pursued if there is a forum where the contentious issues are thrashed out. The PnoWB, therefore, provides a forum for open information exchange and dialogue between parliamentarians from the North and the South. In an increasingly globalised world, the founding of the PNoWB was therefore very timely.

The speaker reminded participants that most donor assistance from the developed countries is approved by their parliaments. The International Development Committees of these countries rely a great deal on information from the parliamentarians from the underdeveloped countries in order to do a better job. The PNoWB provides a formal forum for this type of exchange.

PnoWB meetings and programs

Mr. Mao told the meeting that since the first meeting in The Hague, the PNoWB has grown into an organisation with a membership of about 160 parliamentarians from about 60 countries. The flagship event of the organisation is the Annual Conference, which gives participants an opportunity to discuss and share experiences with World Bank officials, government officials, academics and the civil society. Highly placed government officials from Africa have addressed these meetings to voice the concerns of the most underdeveloped continent. In 2001 in London, South African Finance Minister Trevor Manuel addressed the meeting. In 2002 in Berne, Senegalese President Abdoulaye Wade addressed the meeting, making an appeal for parliamentary support for the New Partnership for Africa (NEPAD).

The PNoWB seized on the wind of change in the World Bank presided over by James Wolfensohn under the Comprehensive Development Framework (CDF) and its emphasis on a participatory approach and accountability, to develop new tools to facilitate wider consultation and accountability. The first tool is the Question and Answer (Q&A) which allows parliamentarians to forward questions directly to the World Bank and get answers (or at least replies). The terminal for the Q&A is the Pan European Dialogue office at the European Vice Presidency in Paris. The other tool is the Project Implementation Watch (PIW) through which parliamentarians can do a value-for-money audit of certain projects.

During the fourth PNoWB Annual Conference in Athens the organisation agreed that through the PIW Parliamentarians can play a more active role in monitoring the implementation of the Millennium Development Goals (MDGs).

He concluded by saying the PNoWB has organized field visits to Uganda, India, Burundi and Albania to assess World Bank projects there. In these visits, the delegations met with officials from the World Bank country offices and the national governments. The delegations also visited project sites to see whether there is a move closer to 'a world free of poverty'.

Through the PNoWB, a core team is emerging in many parliaments around the world with people committed to the issue of fighting poverty. These parliamentarians have the most up-to-date information, which is absolutely necessary for them to be good watchdogs. But the needs of parliamentarians vary from place to place. There are parliaments that are not even connected to the Internet. The PNoWB therefore has to help build the capacity of parliamentarians to participate in the great debates that shape the lives of millions.

At its founding, there were some concerns that the PNoWB could end up being a mere fan club of the World Bank - a lap dog instead of a watchdog! But given its structure and diverse membership, the PNoWB now enjoys a credibility and visibility, which puts it in a unique position to monitor the policies and actions of global development actors and to hold them accountable to a wider constituency.

Session Five

Presentation I:

Debt as a Political Question by Hon. M P and Former Prime Minister of Namibia
Hon Dr Hage Geingob

One of the meeting's notable guests was the former Prime Minister of Namibia whom the organisers managed to get to talk about the issue of Debt as a political question. Most of his presentation was based on his hands-on experience as the country's prime minister. He cited that he generally took a strong stance on donors who would come and dangle aid in his face; otherwise by now Namibia would have been a severely indebted country if he had acted irresponsibly. The following are some of the issues that came out of his presentation:

- Politics is important - it decides everything, who gets what, when and how, it can both give you access and deny you opportunities, therefore you cannot ignore it.
- Donors have a tendency to dictate projects without regard and respect to local partners and priorities.
- He noted that the reason the continent is under-developed and in an economic quagmire is because African leaders do not have the guts to refuse 'unnececcessary and ill-conceived' aid and tell donors off. He emphasized that there was need for African governments to resist loan-pushing by certain donors. They rather need to go to donors with their own development plans and priorities, not as beggars but as partners.
- It is important to keep our countries healthy by upholding accountability, vibrant civil society, opposition, free press and democracy. By so doing we strengthen our position. Our problem in Africa is that when leaders are elected, they become bosses and not servants of the people.
- Minority/opposition parties must always be consulted otherwise they will tend to oppose for the sake of opposing.
- Africa must condemn the notion of using debt for consumption. Countries should only acquire debts for development purposes and not for consumption.
- Namibia has a strong national sovereign position internationally because it does not have any debts. Namibia's ceiling for debt has been set at a manageable 25% of GDP - proper management of the economy is critical to avoid the debt crisis, including good governance, transparency and accountability.

Group Work Discussions and Outcomes

This session split participants into groups to tackle the following questions:

Group 1: Fair and Transparent arbitration (FTA) proposal

Following the presentation of the Fair and Transparent Arbitration mechanism initiative in the first session of the morning it was felt necessary for participants to further discuss the proposal and look at its pros and cons. It was also necessary to see how the process could be taken forward either under the auspices of the United Nations or other institutional set-ups: Thus the following questions were given to guide the group's discussions:

1. Suggest criteria to be used in selecting 10 case countries for promoting the fair and transparent arbitration proposal
2. Apart from the UN, suggest other institutions from which FTA can be implemented
3. Give recommendations on the action points for both CSOs and parliamentarians on the loan contraction and debt management after the conference

The following were the deliberations of the group. The group was of the position that selecting 10 countries for FTA should be based on:

a) Economic Factors including debt stock and nature of debts

b) Debt per capita

c) Socio-Political factors such as the impact of the HIV/AIDS prevalence, Post-conflict situations, Human Development Index, Corruption Index - responsible borrowing/lending.

Regarding the Institutions that could potentially be used for FTA, the group agreed that the United Nations, because of its history or memory of the debt crisis in developing countries, its wide membership, global mandate, resource base and possibly its fairly neutral and international nature, is the only viable route for the FTA. However, the group also had some members who had reservations on the use of the United Nations as the focal point as they argued that the United Nations of late has been perceived as a toothless dog and there seems to be problems of Power dynamics between the United Nations, the International Financial Institutions and the G8. The following recommendations on FTA and debt management were given:

- There is need for a convention and some legal constitutional framework making it mandatory for MP's greater involvement in debt management in their countries.
- There is need to do more work with regard to strengthening the working relationship between CSOs and Parliamentarians.
- Increased monitoring and evaluation to track the utilisation of national resources - including loan proceeds is required.

Group 2: G8 Multilateral Debt Relief Initiative and effective Debt management

In line with the deliberations around the issues of the G8 Multilateral Debt Relief Initiative, it was also necessary for a specific group to discuss this further and recommend specific action areas in terms of monitoring the implementation and also see to it that countries benefiting from the G8 debt relief deal put in place prudent borrowing mechanisms and effective debt management practices so that they do not fall back into the debt trap of yester-year. The group also discussed the issues around conditionalities that come with such initiatives and get imposed on poor countries. The group thus discussed the following questions:

1. Propose how we can address policy conditionalities which the multi-lateral development finance institutions, in particular the World Bank, and the International Monetary Fund, impose on the SADC countries
2. Explore ways of speeding up the implementation and monitoring of the G8 debt deal among countries that have already qualified for it? Suggest prudent borrowing and improved debt management
3. Suggest ways of ensuring adequate expenditure of the G8 debt relief towards social services and poverty reduction.

The group called for a greater role of non-state actors and those that understand the debt issues to be involved in advising decision and policy making. There were feelings that the HIPC countries benefiting from debt relief must have certain borrowing ceilings adopted as thresholds which ministers of finance cannot borrow beyond. With regard to conditionalities there was consensus that Africa needed strong negotiating teams when they go to meet donors. It was also agreed that parliamentary approval should be sought regarding these conditionalities. Civil society organizations were urged to furnish parliaments with policy studies and case evidence that will help them to reject or defend certain policies in parliament. More specifically the following were recommended:

(1) Addressing conditionalities

- There is need to discuss conditionalities amongst all stakeholders - they should not be imposed on recipients
- Negotiating teams from line-ministries whose work is affected by the conditionalities should be included in the negotiations.
- Amongst themselves, MPs should bless the loans, discuss and analyse them.
- A Policy Social Impact Assessment (PSIA) should be conducted to guide the contraction of all loans.

(2) Speeding up implementation of G8 deal MDRI

There is need to review legislation to ensure parliamentary involvement

- Countries need to have a debt and aid policy, and if they have they may have to consider refinement in line with current global developments.
- There is need for feasibility studies and analysis of projects before they are implemented or funded. Governments need to carefully consider project sustainability and thus avoid borrowing for recurrent expenditure instead of capital expenditure that should generate income to pay back the loans.
- CSOs must contribute to the promotion and establishment of national aid and debt policies that must be enacted by parliament.

(3) As to monitoring the G8 Debt Relief the following recommendations were made:

- Regular reports by the Minister of Finance to parliament on loan contraction and debt management issues
- There was a call for the review of legislation and institutional reforms to ensure parliament and civil society engagement
- Some participants called for the need in certain countries to expand the oversight and power functions of the Public Accounts committee (PAC), the Auditor-General and other committees to adequately cover loan contraction and debt management issues.
- Parliament must be consulted to give advice on the prioritization of sectors that are earmarked for external funding. Participants felt that certain social sectors must not be left completely to donor funding as they may collapse when donors move out.

Group 3: Mechanisms and Modalities for Strengthening Civil Society and Parliament Collaboration

The need to cement and seal the collaboration between parliament and civil society that has been born out of the dialogue series need strengthening. To this cause, a group was tasked to look into the modalities and mechanisms of exploiting this opportunity. The group tackled the following questions:

1. How can we enhance sharing of information between parliamentarians and CSOs experiences?
2. How can parliament strengthen the checks and balances on the executive?
3. Discuss how dialogue between CSOs and parliament can be strengthened and encouraged on loan contraction and debt management?
4. Give recommendations on the action points for both CSOs and parliamentarians on the loan contraction and debt management after the conference

The Group identified the following actions to be pursued in a bid to strengthen links between parliamentarians and civil society:

- CSOs should be visible and closely work with their member of parliament and constituencies
- Formal contacts between parliamentarians and civil society must be consolidated and sealed.
- There is need to have MPs on civil society mailing lists (listsrve). This helps keep them informed and updated on key developments around them.
- There is always the need to extend invitations to MPs to some crucial development meetings; Members of parliament can also in turn invite CSOs to some debates on specific issues.
- There is need for governments to put in place institutional and legal institutions to strengthen parliaments. The case of the Tanzanian Assistance Strategy (TAS) should be emulated.
- A call was made for governments to ensure that they set up and strengthen key parliamentary committees to deal with issues of debt management.
- MPs should go through some orientation to equip them with basic knowledge.

Way Forward & Resolutions

In giving what he captured fro the discussions as recommendations for the way forward regarding the dialogue and the work on loan contraction and debt management, the AFRODAD Executive Director proposed the following, fully endorsed by the participants.

1. AFRODAD and PnoWB will work together to ensure the launch of a SADC chapter of the Parliamentary Network on the World Bank. Members of parliament should join and benefit from initiatives such as the International Parliament Petition Project.
2. Participants agreed that both civil society and members of parliament should among themselves use exchange visits as a way of equipping each other with knowledge.
4. A communiqué from the dialogue was read and fully endorsed by the participants (see appendices).
5. Civil society members pledged to work towards encouraging their governments to have parliament offices in each constituency.
6. Members of parliament were encouraged to write articles about their work and constituencies. Radio programs and television discussions between members of parliament and the public were encouraged in all countries. Civil society organizations were encouraged to emulate the Ugandan situation where they should write about good and worst members of parliament as a way of bringing public involvement on parliament issues as well as strengthening parliament's role in society.
7. SADC member states were urged to work towards the establishment of a SADC regional parliament taking a leaf from the other region of West and East Africa. The call is made in the hope that a regional parliament will not only be able to work out issues pertaining to loan contraction and debt management, but the general regional integration issues such as integration of economic and monetary policies, and more so address problems of migration and travel in the region.

Closing Remarks: SADC PF

The Deputy Secretary General of SADC Parliamentary Forum, Ms. Bookie Monica Khethusegile-Juru, gave the closing remarks. In her closing remarks, she reminded the participants that the key issues that need redress for the capacity building of parliamentarians have to deal with information sharing and dissemination, skills building and training. To that extent, the SADC Parliamentary Forum will be holding national orientation workshops for parliamentarians in within the SDAC region beginning with Mozambique and Malawi.

On those closing remarks the dialogue was declared officially closed at 1500hours.

Appendix 1

Statement by Charles Mutasa, Executive Director Of The African Forum And Network On Debt And Development (AFRODAD)

Honourable Speaker, Sir

Honourable Members Of Parliament

The Secretary-General of the SADC Parliamentary Forum & Staff

Fellow Colleagues in Civil Society

Distinguished Participants

The Media

Ladies and Gentlemen

It is my pleasure this morning to also add my voice of warm welcome to you all to Windhoek and in particular to this Dialogue. I feel great honoured to have the opportunity to address this dialogue of distinguished MPs and CSO representatives mainly from the SADC countries. As you might all know AFRODAD has been a national, regional and continental supporter and partner to most development activists and practitioners in Africa since its creation, and we are honoured to co-host this second prestigious and important Dialogue.

Permit me at the outset to express our deep appreciation to most of the honorable members of parliament of Namibia and the Dr. Mutukwa and his staff for not only agreeing to partner with us in this work but going further to extent their gesture of hospitality by warmly welcoming us to this beautiful city of Windhoek that hosts the SADC Parliamentary Forum. I wish also to express my gratitude to the Speaker of the National assembly of Namibia for agreeing to give a keynote address to his dialogue. Let me also express our deep appreciation to the civil society activists based here in Namibia and elsewhere who have agreed to participate in this dialogue, more importantly those that have committed themselves to chair various sesions or to be speakers. I also need to reverence and acknowledge the presence of our colleagues from Europe for honouring our invitation and rising to the occasion. We do indeed appreciate your being here with us today to share your thoughts and perspectives on the important topic before us. We look forward to the discussions and deliberations of such a distinguished group of policy makers and representatives of civil society organizations.

Mr. Speaker, let me say that over the years, AFRODAD has co-convened meetings with various partners that focused on themes of current interest and relevance to Africa. Yet, this series of dialogue that we began with members of parliament since October 2004 is unique and one of the most remarkable in that we are dealing with the honourable policy and lawmakers of our countries. Indeed, it would not be an exaggeration to state that parliamentarians have a critical role to play in Africa's development discourse. The events leading to 2005 Nigerian Debt deal with the Paris Club is ample evidence that resolving Africa socio-economic development challenges will always require the political muscle and urgent intervention of parliament. Not so long ago, the African Union acknowledged the relevance of both the Parliaments and civil society organizations in the setting up of the People's Union by setting up the Pan-African Parliament and the Economic, Social and Cultural Council to bring the people's voice and alternatives to the fore.

The issue of aid/development assistance and debt management has excited and preoccupied the imagination of our leaders and peoples, as well as our development partners in 2005. Much hope was placed on 2005 as year, particularly for Africa. The Paris meetings on Aid Effectiveness and Donor Harmonization in March, the Commission of Africa set up the British Prime Minister, Mr. Blair; The G8 Gleneagles meeting, the UN MDGs Review in New York in September, the Aid for Trade talks within the framework of the WTO

Ministerial meetings, among others have all pointed directly or indirectly to the need to find lasting sustainable solutions to the African Debt crisis and the restructuring of the aid architecture. In so ding they have in one way or the other questioned our economic governance structure particularly the issues of how transparent, inclusive, participatory ad accountable is our loan contraction and debt management systems.

Ladies and Gentlemen, It is saddening to note that in this era of globalization and democracy most of civil society organizations and parliaments remain in the dark regarding how loans are negotiated, monitored and repaid in their countries. As if this is not enough, some of our countries still lack the necessary legislation and mechanisms of engaging parliaments and citizens in the loan contraction and debt management processes. AFRODAD research findings indicate that governments and international financial institutions often negotiate and sign loan agreements in a non-transparent and non-accountable way. In some cases parliaments lack the resources and skills to exercise their monitoring and legislative roles and resultantly or ignorantly end up rubber-stamping new lending agreements without properly scrutinizing them.

It is our hope, Mr. Speaker that this two-day dialogue will not only give us a wake-up call on these issues by merely talking about the first dialogue held in Harare but will also review progress made so far and to explore ways and means of improving the speed at which things are going as well as build on the good will and momentum that it generates. I believe that good and effective loan procurement and debt management systems is indeed a frame work for achieving progress and pulling our continent from marginalization, poverty, indebtedness, bad governance, conflict and economic quagmire. It is vital that during this dialogue we come up with some clear road map and concrete implementable actions that our governments and citizens can take for the good of our countries.

I believe that we all agree that good economic governance will address, in a clear and coherent manner, the key social, economic and political challenges facing our countries. Without a solution to the debt crisis they will be no sustainable development in Africa. Of key importance is the acceptance and acknowledgement by our leaders of the responsibility to address these issues and their collective pledge to work towards meeting the MDGs. A key and unique element in this pledge is the Monterey Financing for development agreements that binds our leaders both in the North and the South to promote, individually and collectively, the fundamental principles of resource mobilization and good economic governance.

Distinguished participants

Ladies and gentlemen,

The success of SADC and Sub-Saharan Africa as a whole depends on four key areas in my view. First is the political will of our African leaders to the principles of political and economic governance which need to be respected. Second is the support development initiatives gain from civil society, parliament and the business sector. Third is the ability to translate rhetoric into reality. Our conference speeches need to be translated into feasible projects and programs that can get the support of the African people and Africa's development partners. Fourth is the extent to which the international community will provide support.

We are encouraged by the recent G8 commitment to cancel debt for 18 HIPC countries 14 of which are in Africa, although more could have been considered without necessarily using HIPC as the basis for eligibility. It is essential that we follow and follow the process carefully to ensure that it results in sustainable debt levels and meaningful development. We are also hopeful that the SADC countries benefiting from the multilateral debt relief initiative of the 2005 Gleneagles' meeting will work towards improving their debt management systems and refrain from reckless borrowing that might lead them back to the debt trap of yesteryear. The increase of ODA to developing countries especially Africa also calls for an improvement in the absorptive capacity and should help ensure the attainment of the Millennium Development Goals (MDGs).

As the Chinese saying goes: "A journey of a thousand kilometers begins with one step."

Distinguished participants

Ladies and gentlemen,

Permit me to conclude by expressing once again our appreciation to the organizers and participants to this meeting. Indeed, this dialogue is a step in the right direction. We cannot assume that things are moving without us reviewing, analyzing and critiquing them from time to time. Towards this end we should continue mobilizing support from all our stakeholders in our countries. I thank you for your kind attention.

Appendix 2

Keynote Address by Hon. Dr. Theo-Ben Gurirab,Speaker of the National Assembly of Namibia

Honourable Members of parliament,

Secretary General of the SADC Parliamentary Forum,

Director of AFRODAD,

Members of Civil Society Organisations (CSOs), both from home and abroad,

Members of the media,

ladies and gentlemen,

A warm welcome and good morning to all of you.

I feel greatly honoured to have been invited to give the keynote address at this important conference organized by the SADC Parliamentary Forum in conjunction with the African Forum and Network on Debt and Development (AFRODAD). As a Namibian who lives in a country whose debt, especially external debt has not become an issue for concern I could not shy away and refuse to participate in this important workshop. I should admit, Namibia also had an "imposed" or apartheid debt which the South African post-independence government gratefully cancelled. The least we can do as a nation whose "debt" was "forgiven" is to show solidarity to our African brothers and sisters whose development and prosperity is still held by debt and conditionalities imposed by the debtors. Africa is all our motherland and if any country is suffering from the consequences of debt, then we all suffer. Globalisation and our endeavour to regional integration put us in a situation in which we cannot afford to be complacent.

I am informed that the overall objective of this dialogue, whose underlying theme is 'Managing Debt for Poverty Reduction, Combating HIV and AIDS and Achieving Gender Equality' is to look at loan contraction and debt management in regard to development. I concur with you that the region is plagued by poverty, HIV and AIDS and gender-based unequal access to resources amongst other and discussions around the need to manage our debt should not be an end in themselves. Any dialogue on the need to better manage and gradually exit from debt should have development as the ultimate objective. May I at this juncture also thank the SADC Parliamentary Forum for highlighting major development issues such as debt, poverty, HIV and AIDS, gender, and many others in the region. Your efforts in ensuring the mainstreaming of parliamentary dimensions in addressing these issues is highly appreciated. The Namibian government and its people are therefore proud hosts of the SADC Parliamentary Forum and we thank the Forum for having chosen Windhoek as its headquarters. On the other hand, AFRODAD, the jubilee movement and other civil society actors managed to bring debt and development to the fore front and we should applaud them for that.

Honourable Members, esteemed workshop participants, the advantage of this workshop is that it brings together parliamentarians who as people's representatives make laws including passing the budget and exercise oversight on the work of the executive and representatives of Civil Society who work with the people on the ground. I believe, when these two groups of leaders are in dialogue it would most certainly be for the best interest of all our people. Gone are the days when governance was only the preserve of the executive and parliaments had to merely endorse decisions made and the NGOs have to just concentrate on implementing programmes. Modern and inclusive approach to governance requires all stakeholders to dialogue and agree on the course that would best deliver the desired results to the people.

Parliamentarians therefore should have a say in how and why loans are contracted instead of only having to allocate money in their national budgets to pay for loans for which they have no knowledge of. Similarly, Civil Society Organisations (CSOs) when implementing development projects have the right to know and inform the people on the ground about the opportunities and challenges presented by debt. Debt management therefore becomes everybody's business and the fruit of development that results from a truly inclusive and democratic approach to debt management benefits us all.

Furthermore, Ladies and gentleman, what is important about this dialogue is that it is based on AFRODAD's key research findings on loan contraction experiences in some African countries. I hope that the sharing of this information will facilitate robust debate, and lead to a better understanding of our situation in the region. May I also take this opportunity to thank civil society as a valued partner in development for the relentless efforts they had to advocate for the cancellation of Africa and the developing countries' debt. Although we have not yet been granted with a total debt cancellation, the 2005 Debt relief that was granted to 18 African countries is a step forward in the debt debate and worth celebrating.

The challenge for all of us is to ensure that our governments use the money saved from debt servicing to implement development projects. Our experience with the disastrous Structural Adjustment Programmes (SAPs) which instead of delivering development to our people resulted in a reversal of our development gains must have taught us a lesson not to take debt relieve conditionalities for granted. We must truly ensure that the HIPC prescriptions and conditions for debt relief will indeed address poverty, HIV and AIDS and inequitable access to resources in Africa.

Honourable Members, ladies and gentlemen, I would like to commend the organizers for bringing all stakeholders from the sub-region under one roof to exchange views and share experiences on the possibility of breaking out of the vicious debt cycle and persistent debt rescheduling. This conference therefore, presents participants with a unique and timely opportunity for fruitful exchange of ideas and country experiences on the contraction and management of loans for, at the end of the day, it is critical that the process by which debtor countries agree to accept the terms and conditions are open to scrutiny by Parliamentarians, citizen groups and other formal democratic structures. This will, in turn, help to avoid lending and borrowing mistakes, which often lead to the build-up and accretion of unsustainable debts that have to be paid off at the cost of financing critical programmes such as education, health, transport and infrastructure.

The role of Parliamentarians is vital in this important process as they are elected to represent the constituents and scrutinize and monitor the terms and conditions that are imposed on governments by the major financial institutions such as the World Bank and the International Monetary Fund (IMF). In this regard, some of the principal factors contributing to the debt crisis in Africa include deteriorating terms of trade, shrinking market shares for major crops, poor lending practices and the nature of economic management by governments. It is therefore critical to appropriately locate the loan contraction process in Africa's development in order to evolve a more sustainable and lasting solution to the problem. In the same vein, I call upon participants to interrogate the link between the loan contraction process and the role of donors, which is, regrettably, often taken for granted.

Coming to the issue of averting the African debt crisis, I want to acknowledge the fact that the worsening debt problem has put into serious question the efficacy of the debt management strategies that have so far been used. It would seem that individual African countries and regional blocs do not have comprehensive national and regional debt management systems to the extent that the debt management has been narrowly viewed as a mere motor skill of recording debt.

Added to this, we must also face up to the fact that most African countries have not lived within their constitutional and stated policy framework in terms of debt management. The mere creation of such instruments without proper monitoring and evaluation is, therefore, inadequate as they have an important role to ensure that debt borrowing limits, as prescribed in each country's constitution, are not exceeded. It would seem that borrowing for recurrent expenditure as opposed to capital expenditure has made it difficult for most countries to repay their external debts. Your deliberations could, therefore, also be enriched by addressing the quality of programmes that are eventually funded with borrowed money. I hope that the recommendations and findings from this dialogue will lead to more effective strategies of loan contraction in the SADC region. Once again, I wish our visitors a happy stay in Namibia.

With these few remarks, I now have the pleasure to declare this Parliamentary -Civil Society dialogue officially open and wish you fruitful deliberations.

I thank you

Appendix 3: List of Participants

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Appendix 4: Programme for the SADC PF-CSOs Dialogue

Day One

09:00 - 10:30 Opening Session

Director of Ceremonies: **Ms. Isabella Wellman,** Acting Secretary to the National Assembly of Namibia
Introduction and Welcoming Remarks: **Dr. Kasuka Mutukwa -** Secretary-General SADC PF
Statement by the Director of AFRODAD, **Mr. Charles Mutasa**
Keynote Address and Official Opening: **Hon. Dr. Theo-Ben Gurirab**,
Speaker of the National Assembly of Namibia
Statement and Vote of Thanks: **Hon. Nora Schimming-Chase M.P.**

Group Photo

11:00 - 11:30	**Tea Break**
Plenary Session One:	**Debt and Development in Africa: Towards Combating Poverty and Addressing (Gender) Inequality**
In Chair:	**Mrs. Ntando Ndlovu,** Zimbabwe Coalition on Debt and Development (ZIMCODD)
11:30 - 11:50	A Critical Analysis of Progression and Regression of 2005 as the Year of Development and the Debt Question: Any Hope for Africa? The session will focus on the Africa Commission, the G8 Debt Deal, the Paris Club and Nigeria plus Aid for trade deals). **Mr Vitalice Meja**, AFRODAD
11:50-12:05	Implementation Issues: the 14 African HIPC Countries and the G8 Debt Deal + Nigeria Paris Club deal: the Practical Implications to their Development agenda: Mr. Jack Jones Zulu, JCTR, Zambia
1205: 12:30	Discussant: **Lucy Hayes**, Eurodad, UK
12:30 - 1315	**Plenary Discussion**
1315 - 14:15	**Lunch Break**
Plenary Session Two:	**The Loan Contraction Process and Debt Management**
In Chair:	**Hon. Patrick Kalifungwa**, **MP** (Zambia)
14:15 - 14:35	Highlights of the of the First Workshop and Current experiences with the Loan Contraction process in Africa (23-24 August 2004) **Mr. Charles Mutasa**
14:35 - 14:55	Overview of Loan Contraction and Debt Management in the Southern & East Africa Region. **Mr. Simon Namagoa** , MEFMI
14:55 - 1515	A Country Experience with Loan Contraction and Debt Management: - The case of Uganda. **Mr. Julius Kapwepwe**, UDN, Uganda
1515 - 1600	**Plenary Discussion**
16:00 - 1615	**Tea Break**
Plenary Session Three:	**Better and Effective Aid for Poverty Reduction and Combating of HIV and AIDS**
In Chair:	**Hon Ms Kalyanee Virahshamy M.P** (Mauritius)
16:15 - 16:30	The Paris Club Declaration & the G8 Aid Issues. **Mr. Francis Ng'ambi,** Programme Officer, South Africa Economic Justice Network (SAEJN)
16:30 - 16:45	Aid Harmonization and Result Orientated Development - The Case of Tanzania: Mr. Chamba Kajege, Coordinator, Tanzania Coalition on Debt and Development (TCDD), Tanzania
16:45 - 17:15	A Critical Analysis of Donor Aid to Tackle HIV and AIDS in Africa UNAIDS. **Dr Christina Sadia**, of Action Aid, South Africa
16:45 - 17:30	**Plenary Discussion**

Day Two

Plenary Session Four:	**Building Synergies and Alliances to Manage Debt, Address HIV and AIDS, Combat Poverty, and Foster Gender Equality**
In Chair:	**Hon. Hlalele Motaung, M.P** (Lesotho
08:30 - 09:00	Recap of Day One: **Mr. Barney Karuuombe**, Regional Integration Officer, SADC PF
09:00 - 09:20	Fair and Transparent Arbitration Mechanism on Debt: **Ms. Mukelabai Mundale**, Program Officer, AFRODAD
09:20 - 09:40	Civil Society Initiatives on IFIs and Parliament: International Parliamentarian Petition (IPP) **Ms. Moreblessings Chidaushe**, Programme Officer, AFRODAD
09:40 - 10:00	Parliamentary Initiatives on International Financial Institutions (IFIs) and Development. Hon. Mr. Norbert Mao, MP, East Africa & Chair of PnowB (Africa Chapter)
10:00 - 10:15	Debt as A Political and Development Question Discussant - **Hon. Dr Hage Geingob, MP** - former Prime Minister of Namibia
10:15 - 11:00	**Plenary Discussion**
11:00 - 11:15	**Tea Break**
Session Five:	**Debt Management and Development: The Way Forward** (Group Discussions and Joint Statement)
In Chair:	**Moreblessings Chidaushe,** Programme officer, AFRODAD
11:15 - 13:00	Group Discussions
13:00 - 14:00	**Lunch Break**
14:00 - 15:30	**Group Report Back and Brief Plenary Discussion**
In Chair:	**Ms. Bookie Monica Khethusegile-Juru**, Deputy Secretary-General, SADC PF
15: 30- 15:50	Review of Draft Joint Statement/Communiqué
15:50-16:20	**Way Forward**
16:20	Closing Remarks: **Ms. Bookie Monica Khethusegile-Juru**, Deputy Secretary-General, SADC PF
19:00	**Dinner Reception, Hosted By SADC Parliamentary Forum**