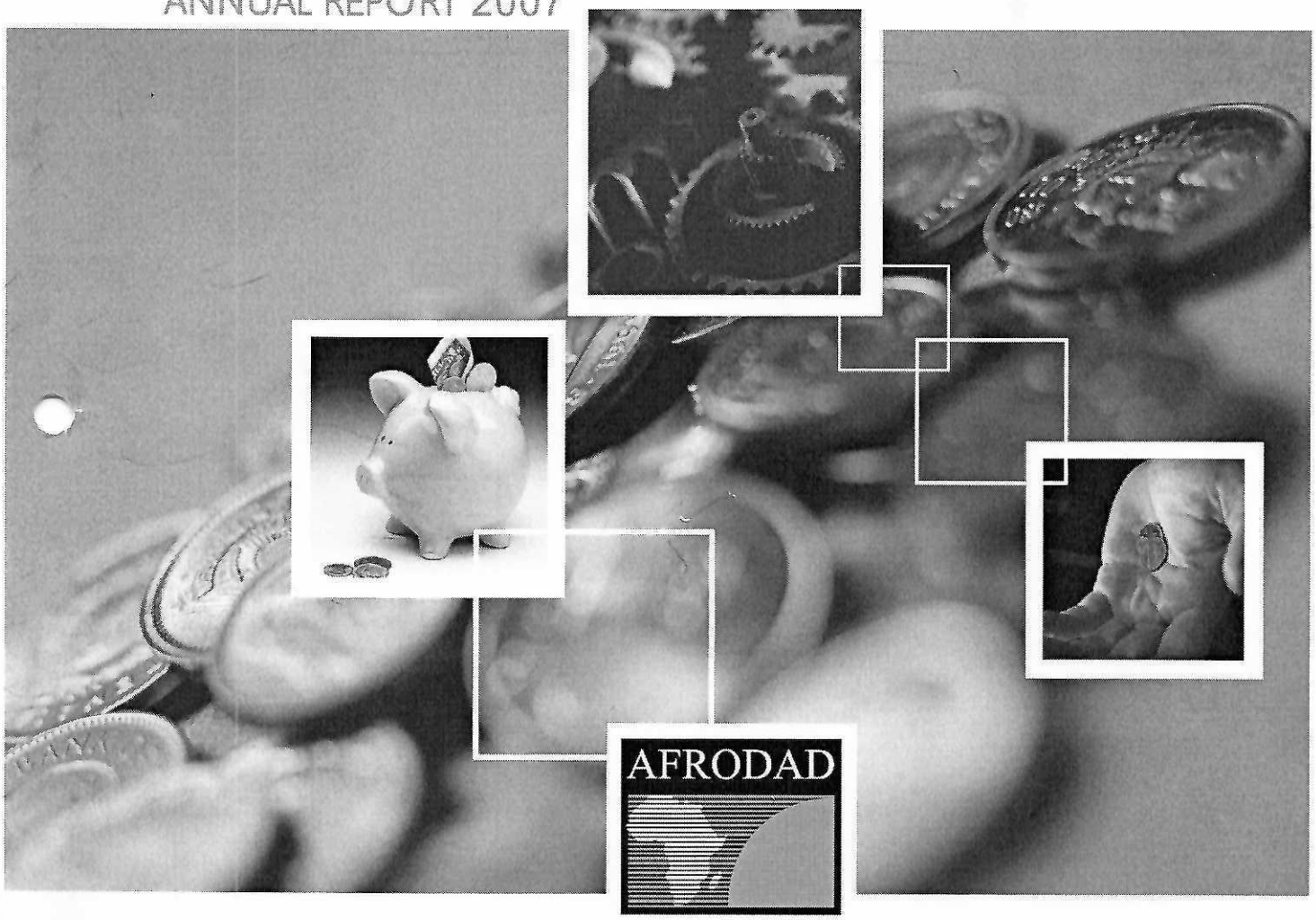
ANNUAL REPORT 2007



AFRODAD

African Forum and Network on Debt and Development

1.0 Development and Policy trends

The current situation of the African continent is still more like the past than less. Although it is important to recognize the efforts being made to change it, to remove Africa from being merely a shadow of other continents, and especially African nations as shadows of foreign policies and structures, the efforts are in general not as yet successful. Despite all the encouraging signs now emerging in Africa, the continent still endures a peripheral position in the world. The debt issue still continues to plague it and to shape negatively its plans and policies. Other issues connected with the marginalization of Africa in the world community concern an incoherent global development model-unfair trading system, ineffective aid architecture, the scourge of HIV/AIDS and globalization in its negative effects.

The economics of the Multilateral Debt Relief Initiative (MDRI) is important because donors and their developing country partners will turn to evaluating the initiative at some point in the near future. The Group of 8 (G8) and the international financial institutions (IFIs) have recently emphasized their concerns about what they call "free-riding", i.e. the situation in which "non-concessional lenders indirectly obtain financial gain from IDA's debt forgiveness, grants and concessional financing activities without paying for it". In fact, this notion covers two phenomena: on the one hand, other creditors not assuming their share of debt relief and on the other hand, developing countries were getting into new cycles of debt with non-concessional lenders. For both trade and FDI, China and India are becoming more important partners for Africa, a sign of the geographic diversification of trade and source of finance for the continent. China now offers debt reduction and preferential trade treatment and finances large infrastructure investments in a number of African countries. It is mainly interested in natural resources, especially oil. However, there are some concerns with the growing influence of India and China in Africa.

These are crucial questions for the development community as despite the furore, there has been surprisingly little independent and rigorous analysis of the debt's development effects in Sub-Saharan Africa and other parts of the developing world. External debt remains high and private capital flows insufficient to bridge the gap between domestic savings and necessary investment for Africa to meet the MDGs. The debt problem is not over, as the debt continues to exacerbate poverty and rob the peoples of Africa of their human rights to health, education, housing water and all the other essential goods and basic services which should be available to all. Besides sustaining macroeconomic stability, most African countries still need to tailor their fiscal and monetary policies to promote investment, employment generation, and growth.

1.2. AFRODAD and the regional Operational Environment

While some regions of the developing world have made some sufficient progress to half their levels of poverty by 2015, Sub-Saharan Africa has-been singled out as one region that is

unlikely to meet this target. The latest data on poverty shows that the absolute number of poor people has been steadily increasingly.

Numerous international initiatives aimed at increasing the volume and grant element of development aid has had marginal impact as this has been associated with inefficient use. Donor conditionalities and administrative problems within recipient governments' systems have all stained the high expectations on aid. Donor priorities at the expense of local ownership based on a human rights based approach continue to elude the whole system. An increase in foreign direct investments over the past few years are still too limited in geographical coverage and have remained focused on extractive industries, and thus having limited direct impact on employment creation and poverty reduction.

The latest data on poverty shows that the absolute number of poor people has been **steadily increasingly.**

Recipient countries in most of Africa still grapple with the consolidation of viable mechanisms of mobilizing domestic resources. The effect of valued added tax has been very limited. Currently, the flow of remittances continue to by-pass the official banking system and resultantly having no tangible impact on development as they are mostly used for consumption rather than production purposes. Problems of capital flight are still rampant and the informal sector's contribution to be economy still remains erratic for most governments in the region. Political stability and policy choices remain a challenge to many. The call for the observance of the rule of law and free elections instead of furthering democracy seem to be fueling acts of violence and sabotage to emerging or ailing economies. The case of the disputed 2007 Kenyan elections is but one example of the costs that such exercises are negatively having on these developing country economies.

Nevertheless, some positive developments in the world economy are likely to sustain growth in African countries. These include high export prices for export commodities due to high demand especially from Asia, delivery of promised aid and debt relief, and rising inflows of foreign direct investment (FDI) with an increasing share coming from China and India, and higher inflows of workers' remittances. However, the rise of China and its ever-growing influence in Africa require a careful assessment of the nature and impact of such engagements. Thus, African governments and citizens need to observe these international developments carefully.

1.2.1 Global and regional Opportunities

CSOs today, form a prominent part of the "development machine", a vast institutional and disciplinary nexus of official agencies, practitioners, consultants, scholars, and other miscellaneous experts producing and consuming knowledge about the "developing world".

The African Union in its transformation from the then Organization of Africa Unity (OAU) is making deliberate efforts to engage CSOs in its development policy making and implementation with the hope of achieving a people driven continental body. CSOs are viewed to be more flexible, cost effective and accountable than governments although little scrutiny and empirical evidence of these claims has been made. Not only are CSOs regarded as more efficient, innovative, and dynamic than state bureaucracies, they are also seen as important for the institutionalization of mechanisms of democratic accountability similar to those which emerged in the liberal democracies of the West about one century ago.

The new emphasis on national ownership, downwards accountability, good governance, decentralization, and improved quality, relevance and poverty-focus of official programmes have reinforced the importance of CSOs to the development effort. It is also important to acknowledge that regional development realities and global trends are creating unprecedented opportunities for civic action at local, regional and international levels. A number of interrelated trends are defining the role of civil society, one of which is the global call for the attainment of the Millennium Development Goals within the framework of a human rights based approach, which is challenging the current global power imbalances and the way sustainable development is been fostered calling for a reform in both the United Nations and in the International Financial institutions. The others are economic globalization, poverty and insecurity that accentuate all forms of inequalities. All these provide compelling reasons for pan-African movements like AFRODAD to seek solutions that could bring economic sustainability and transformation.

As the regional representative of the Reality of Aid activities, AFRODAD was invited to join the OECD advisory group committee a group composed of donor and recipient governments and northern and southern civil society organizations given a mandate of advising the Development Advisory Committee (DAC) of the OECD on the participation of CSOs in the implementation of Paris of declaration. This is in preparation for the second high level meeting on Paris declaration planned for Ghana in 2008. In this regard, AFRODAD has the mandate to organize regional and national consultations in Africa to facilitate debates among the country office donors, civil society organizations and their governments on aid effectiveness in the continent. AFRODAD has since developed a concept note and the budget estimates for facilitation of both regional and national workshops. AFRODAD in collaboration with the Government of Zambia's Ministry of Finance have already started the preparations for the Anglophone Regional consultation to be held on September. This meeting is expected to draw more than 40 participants and representatives of all SADC governments to deliberate on issues and positions towards ACCRA 2008. Consultations for workshops at various national levels are already on-going in Malawi and Tanzania. Output from the national workshops will also feed into the regional workshop which will be conducted over 4 days with the first two days being preparatory days for civil society and the last two days with governments joining in the meeting.

The fact that many civil society activists both within and outside the AFRODAD network and partnership are more often than not found wanting in the field of macroeconomics and in their endeavors to tactfully engage their governments and international financial institutions make macroeconomic training and awareness raising a must for their capacity building/training. In addition to this the introduction of new concepts, initiatives and programs as a means to trying to resolve the development question by the international financial institutions-especially the World Bank and the International Monetary Fund makes constant and structured training a prerogative for leading regional networks and forums such as AFRODAD. Research studies and subsequent workshops on the introduction of the Poverty Reduction Strategy Papers (PRSPs) and the Poverty Reduction Growth Facility (PRGF) among stakeholders held by AFRODAD between 2002 and 2006 have showed that there is need to promote training of civil society activists if they are to remain relevant and vibrant in our ever-changing global village. The issues of economic and social justice especially those related to Trade, Aid and Debt have since taken center-stage in the current development discourse as the world seeks solutions to questions of conflict, discrimination, disease, ignorance and extreme poverty. To this end AFRODAD apart from research, lobby and information dissemination has taken on board the aspect of macroeconomic training fro economic justice networks in Africa.

1.2.2. Regional and Organizational Threats

A number of factors continue to hinder growth in the continent, especially in Sub-Saharan Africa. The Millennium Development Goals (MDGs) remain underfinanced even as the 2015 deadline for their achievement approaches. Economic growth in many countries will be compromised by the increasing spread of the HIV/AIDS pandemic, which undermines labour supply and labour productivity. Lack of diversification of production and exports constitutes an important source of potential instability and vulnerability to shocks emanating from changes in commodity demand and prices as well as unpredictable weather changes. Inefficient public infrastructure and unreliable energy supply at the national level as well as poor integration of transportation and energy networks at the regional level will continue to undermine productivity and international competitiveness, ultimately slowing economic growth.

For civil society interaction with development polices, a number of factors can be noted;

- There is not enough stakeholder participation in many of the programmes, partly because civil society organizations (CSOs) lack the capacity to make an informed input. Work is needed to build local capacity at all levels so that CSOs can become more involved in governance and development issues.
- In some countries, because of the political uncertainty, governments are uneasy about civil society organizations' motives in participating in national forums or other implementation programmes. Concrete measures should be taken to insist on CSO participation in the national implementation programmes.

On the organizational level, AFRODAD as a pan African regional organization headquartered in Harare, Zimbabwe endured a lot of economic challenges over the past few years. These have to a greater extent affected its operational costs local program implementation. Economic performance in Zimbabwe remained negative in the last eight years owing mainly to political difficulties exacerbated by the stand-of between Zimbabwe and a larger section of the international community characterized by sanctions and a stalemate in development aid. Economic performances indicators for 2006 indicate that in Sub-Saharan Africa, the Zimbabwean dollar had the largest depreciation (87 per cent) followed by the Malawian kwacha (13 per cent).

Hyper-inflation is burgeoning upwards at an ever greater pace while poverty for the overwhelming majority of the population grows ever greater, with accompanying escalating misery, discomfort and distress. The near-total destruction of the economy is, without exception, attributable to the combination of government's gross mismanagement, and of its abysmal policies. Those policies have destroyed agriculture, undermined industry, discouraged investment, alienated the international community, demolished the value of Zimbabwe's currency, brought the infrastructure to near total collapse, and fuelled an intense brain drain which has denuded Zimbabwe of critically necessary skills.

1.3. Achievements, Constraints and Obstacles

Despite the challenges and issues highlighted above, AFRODAD has continued to uplift its profile in Africa as a distinguished civic organization commanding a lot of respect in the area of researched advocacy on economic and social justice issues especially that which pertains to Debt and Development. The 2007 annual milestones have generally been met. It is important to note that AFRODAD's work is not just shelved but it continues to be a point of reference for governments and intergovernmental organizations that follow up on Debt and development issues. A new working relationship between AFRODAD and a number of Debt Management Offices has shown that our work can impact the work of governments at national level. AFRODAD continues to make in-roads in its work with African governments and the Africa Union as well as the United Nations Economic Commission for Africa. In 2007, AFRODAD managed to;

- Spearhead debate on 'the Union Government' in a number of countries where it was instrumental in setting up the African Union Economic, Social and Cultural Council (ECOSOCC) national chapters.
- A good working relationship between AFRODAD and African governments, parliaments and civic networks continues to grow every week. AFRODAD has continued to build and maintain its international reputation with organizations such at the United Nations, the Commonwealth and the likes of the OECD.
- A linkage with social movements has also been strengthened especially with the hosting of the World Social Forum in Africa at the beginning of the year. Participation in

the Global Call Against Poverty (GCAP) and CIVICUS activities has been key in establishing civic strategic alliances.

- The organization has also been invited to lead a number of civil society initiatives both at regional and global level. These include the work on monitoring international financial institutions (IFIWatchnet), the newly set-up Japanese Civic Commission for Africa(C-CFA-to prepare for African CSOs involvement at the 2008 G8 meetings) and the OECD Advisory Group.
- Collaboration with Pan-African initiatives such as the Africa Monitor and Pambazuka were also strengthened in the first half of 2007. Joint work on the role of China in Africa's development has already been launched and more exchanges and synergy building is expected in the last half of 2007 and beyond.
- The North-South exchange program that began in 2007 between AFRODAD and the Norwegian Church Aid (NCA) will in 2008 take two dimensions which include a South South exchange between AFRODAD and its Tanzanian partner, the Tanzania Coalition on Debt and Development (TCDD).
- AFRODAD has also joined forces with other global activists to push ahead the campaign for the cancellation of illegitimate debts.
- The staff compliment at AFRODAD is now complete with an almost 50% gender balance. AFRODAD's HIV/AIDS program that was approved by the board will be implemented and also popularized among partner organizations in 2008. The training program on macroeconomic issues has already started to show positive results in that AFRODAD partners are been empowered to dialogue with both their governments and international financial institutions.

A number of obstacles still face AFRODAD though. AFRODAD still needs to strengthen its core-funding base and have a good remuneration to retain the full staff compliment at all times. In this regard, more core-funding donors still need to be attracted to AFRODAD's mission and vision. A continuous review of the Zimbabwean macroeconomic environment that AFRODAD operates within needs a continuous review and adjustment by administration to avoid financial difficulties. A number of initiatives started in various sub-regions of Africa need continuous follow-up and monitoring. The World Social Forum in Nairobi at the beginning of the year exposed AFRODAD's deficit in terms of a solid lobby mechanism that can command mass mobilization especially in the call for a fair and transparent arbitration project (FTA). Coalition building and networking regionally and globally remains a challenge. Thus, a lot needs to be done in the area of coalition building.



The Millennium Development Goals (MDGs) **remain underfinanced** even as the 2015 deadline for their achievement approaches.

AFRODAD is proud of the fact that it has been able to make contributions to the major international and African-focused discussions which have taken place in 2007 regarding Debt cancellation, aid effectiveness, follow-ups to the Financing for Development work and the campaign to achieve the Millennium Development Goals. AFRODAD research and advocacy materials have been found relevant and useful among many development practioners and funding agencies. AFRODAD's input has been sought both at the UNECA and Africa Union conferences at regional level and internationally, AFRODAD has continued to give significant contributions at the UN ECOSOCC and Financing for Development process.

Another source of great satisfaction for AFRODAD has been the dynamic process created around the links that exist with our key target international organizations and African governments. AFRODAD was invited to be part of (i) the newly established Development Cooperation Forum (ii) To work with various UN agencies, the OECD, donor and developing country governments in convening aid effectiveness consultations in Africa (iii) To work with both Northern and Southern CSOs in research and advocacy work on China's engagement in Africa (iv) the Betteraid network which is a group of Northern and Southern civic groups working towards the civic society parallel process for the high level forum(HLFIII)on aid effectiveness to be held in Accra in September 2008. (v) The Commonwealth Foundation Civil Society delegation that engages with the HIPC Ministerial Forum. (vi) AFRODAD was, through its Executive Director, appointed to be one of the Africa Union Monitor Advisory Group.

A number of reforms aimed at improving both research and advocacy work have been taken during the course of the year. Worth-noting are the following;

2.1. Research and policy Analysis

Some time was devoted to formalizing routine procedures in Research.

The format of research reports was revised. The consultants are now instructed to adhere to MLA style, with the main revisions being methods for documenting data sources. A template letter of introduction has also been drafted for researchers to assist in the acquisition of information and facilitation of the relevant interviews.

A template to systemize external reviewers' reports was drafted. They are now sent the terms of reference for the study, guidelines for research report formats as well as the guidelines for reviewers' reports. In addition to being asked about whether the research report adheres to the terms of reference, it asks the reviewer to make suggestions regarding additional areas for development/expansion on the topic, unforeseen policy implications and opportunities with other audiences.

With regards to the process of searching for consultants, we have compiled and shall update periodically a database of consultants. In addition to having contact information, it lists the projects for which we engaged the consultants previously and comments of experience with the consultant by the research department.

Internal procedures for filing purposes were also established using a numbering system, which is currently in use. The first draft coming from the author is now Project Name_Country_Draft#1.After incorporating reviewers' comments, it is Project Name_Conutry_Draft#2. After being reviewed by the Executive Director, it is Draft#3. Communications has the FINAL, which is especially formatted for publication.

Research is working closely with other Programmes. With respect to Communications, the page on the AFRODAD website describing the research projects has been revised and updated. In seeking to promote AFRODAD as a network, Research is currently in the process of collecting reports that were originally written in French and Portuguese and has liaised with Communications about putting them on the website. Research is also working closely with Lobby and Advocacy. The terms of reference for studies are now sent to that Programme to ensure that the research outcomes are relevant for later advocacy initiatives. A proposal to strengthen the institutional capacity of AFRODAD was completed and sent to African Capacity Building Foundation (ACBF) in May. It seeks funding to facilitate annual meetings with our affiliates. In addition, opportunities for external review of papers are now first offered to affiliates in countries where the research has been undertaken when possible.

In 2007, the Research Programme commissioned the following: A Critical Assessment of Chinese Development Assistance in Africa, the second phase of Aid Management and Donor Harmonisation, Macroeconomic Impacts on Social Services/AIDS, a Mid-term Review of MDG goal number 8, and the second phase of Export Credit Agencies. All the final papers for these studies have since been completed except for the Export Credit Agencies case studies.

2.2. Lobby and advocacy work

In the 2007, the lobby and advocacy program deepened their involvement of national as well as regional partners in its programs. The key to this approach was the joint activities and support of initiatives which our partners were involved in. As a result AFRODAD expanded its partnership from the original 12 to include Liberia, Ghana, Sierra Leone, Mali, African Jubilee South and Senegal. We continued to exploit the comparative advantages and synergies that exist between our partners and ourselves to champion the cause of Africa in the areas of debt and aid. The program was mainly implemented through, campaigns, policy dialogue meetings with target audiences, and policy makers, engagements with regional and international bodies

2.3.1 Aid Harmonization Studies

A lot of pressure has been exerted on aid recipients, particularly those of the African governments, in complying with donor requirements. Each donor comes with a variety of procedures and mechanisms to identify, plan, implement, monitor and evaluate its activities, and different reporting requirements, a lot of paperwork that consumes time and resources

from government officials. Sometimes, donors negotiate their projects directly with sectoral line ministries, bypassing central planning authorities, and thus creating tension within national administrations. Frequently, donors use a joint-piecemeal approach, splitting areas of intervention among them (i.e. a donor contributes to the health sector and another to the education sector, or donors distributing different geographical regions among them) regardless of the magnitude and reliability of their assistance, leaving governments with unbalanced support in the different areas. Additionally, donor agencies have their own disbursement processes, different from the developing countries' budget cycles; and worse, sometimes their funds are unreliable, disbursements are delayed and programs discontinued.

It is against this background that AFRODAD as a member of both the Reality of Aid Project and OECD Advisory board on Aid Effectiveness in collaboration with its national partners in Kenya, Uganda, Liberia, Mozambique and Ghana commissioned some case studies to investigate and examine the impact of the signing of the Paris Declaration on Aid Harmonization and Donor Alignment in these countries. The studies examine such issues with a view to understanding and explaining the facilities and obstacles of CSOs in Africa as a critical issue in the quest for democracy and human rights. The assumption is that democracy is more a question of civil society and less of state participation in the policy process. The first five case studies was complemented by another four studies (Tanzania, Senegal, Cameroon and Malawi) completed in the second half of the year. The objective of this exercise was to prepare a comprehensive and analytic study on improving civic engagement in the Aid effectiveness agenda. The principal audience for the research documents will be staff of Civil Society Organizations, IFIs, bi and multi-lateral donors, UN agencies, and Governments.

2.3. 1. Aid Harmonization Workshop in Nairobi and Lusaka

AFRODAD in collaboration with Diakonia and the Kenya Debt Relief Network convened an experts' meeting on aid harmonization at Nairobi's Panafric hotel on the 23rd and 24th of April, 2007. Government Experts on aid from select African countries including Ghana, Kenya, Malawi, Mozambique, and Zambia attended the meeting. Others included the United Nations Development Program Country office, The United Nations Economic Commission for Africa, donor agencies including the European Commission, Harmonization, Alignment and Co-ordination HAC Kenya secretariat, and civil society organizations from across the continent.

The meeting was convened for African governments, donor agencies and representatives of Civil Society Organizations (CSOs) to discuss the question of the progress in aid harmonization and management in the continent under the Paris declaration framework. It sought to come up with action points to increase effectiveness of aid to recipients by constructing messages for both creditors and recipients to harmonize and make aid effective in line with the forthcoming high level meeting on aid harmonization scheduled for Ghana in 2008.The diverse background of the participants and speakers provided very dynamic

exchanges of views and debate. The presentations and papers gave a fuller and more nuanced understanding of development aid in Africa and the South. Based from feedbacks from numerous participants during coffee breaks and meal times, as well as during the workshops, the quality of the presentations was very much appreciated. The general program and the time allotted for the sessions also allowed contemplative discussions, debate and exchanges of ideas. There was enough openness among the majority of the participants to listen, share their thoughts and debate with each other. A new and nuanced perspective came out resulting from the discussions in various sessions - a perspective based on a more grounded and deep understanding of development aid and African realities that was neither merely rejectionist nor unquestionably accepting.

The meeting created a basis for strengthened relationship between Governments, donors and Civil Society Organizations upon which the OECD advisory group national and regional consultations as well as the High level forum on Aid effectiveness to be held in Ghana in October 2008 would be built upon. . The participants used the opportunity to expose issues of more direct relevance to their respective national situations or thematic specialties. Most importantly, the meeting created a basis for exploring mechanisms/ structures or processes through which non state actors can participate in the aid management. It also fed into the OECD work in that its report and deliberations were adopted by the OECD advisory group as an expression of civic voices on aid management in Sub-Saharan Africa.

On July 11-13th, UNIFEM organized a regional workshop on Aid Effectiveness and Gender Equality. At this meeting AFRODAD was called upon to discuss its role as an AG member, its activity plan and also ways in which other organizations can participate in the various processes. The meeting was held in Livingstone Zambia with participation at the highest level. The Zambian President, Mr. Levy Mwanawasa officially opened the meeting, Zambia's Gender Minister Ms. Patricia Mulasikwanda also participated in the full three days of the meeting. Also in attendance were the Director and deputy Directors of the Ministry of Finance. This high level of participation from the Zambian Government gave AFRODAD the assurance that the Zambian government is fully committed to the Aid effectiveness agenda and this cemented partnership for a successful joint AFRODAD - Zambian Ministry of Finance hosted (both members of the Advisory Group) East and Southern Africa multi-stakeholder regional consultation on aid effectiveness held in October.

The Zambia regional workshop attracted high level participation by heads of multilateral donors, namely the IMF and the World Bank, Bilateral donors such as DFID, International NGOs such as Action Aid International, members of the diplomatic corps, UNDP, parliamentarians, and representatives from Government (Ministries of Finance and Economic Planning and Development) members of the Civil Society Organizations (CSO) and the Press.

2.4. Second Generation PRSPs

Although they are coming under different names, PRSPs still remain the main instrument for the disbursement of donor aid. In accordance with a pre-defined IFI framework, recipient countries are required to detail how they intend to address poverty challenges in exchange for donor financial resources. AFRODAD has committed to monitoring such instruments to assess their appropriateness for poverty reduction, promotion of good governance and enhancement of people participation in development processes.

AFRODAD's PRSP work began in 2001 with the commissioning of a study to critically examine the processes and contents of PRSPs in ten African countries. The findings of the study have since formed the basis of AFRODAD's lobby and advocacy work on PRSP over the years. The PRSP study is now in its fourth stage (PRSP 1, PRGF study, Macro-economic training) and seeks to continue to expose the double standards of donors and increase pressure on IFIs and donors to ensure that development aid benefits its intended beneficiaries. In the PRSP II studies conducted in Tanzania, Ghana, Mozambique, Burkina Faso and Uganda we examined the challenges and opportunities confronting countries that have formulated and implemented their second generation PRSP. Issues discussed include: background of countries' engagement and experiences, identification, formulation, monitoring, sensitization, awareness campaigns, critical discussions on similarities and differences between the 1st and 2nd PRSP, the linkage between PRGF and the PRSP and how the donor conditionality influenced the outcome of the final PRSP. It explores the extent to which the process in these countries is genuine, legitimate and empowering.

The Second generation PRSP studies conducted in Tanzania, Ghana, Mozambique, Burkina Faso and Uganda. A national workshop to validate the findings of the study was convened in Dar Es Salaam Tanzania. An occasional paper entitled "An Assessment of CSO Participation in Second Generation PRSPs" was published. In collaboration with the Uganda Debt Network, AFRODAD convened a regional workshop on the 6th and 7th of September, 2007 on the same in Kampala, Uganda in the third quarter of the year. Government Experts on PRSPs from select African countries including Ghana, Uganda, Malawi, and Mozambique, attended the meeting. Others included the United Nations Development Program Country office, and The United Nations Economic Commission for Africa.

The meeting discussed the question of the progress in the content, production and implementation of PRSPs in Mozambique, Uganda, Tanzania and Ghana and to share the experiences on how to fill the gap. The deliberations at the dialogue were informed by research findings from the second generations PRSP studies. Some of the issues that were raised include;

> Civil society should become result orientated and not talk driven. CSOs were challenged to be more action oriented towards monitoring PRSPs and not just criticize



PARTICIPANTS TO THE INTER REGIONAL DIALOGUE ON AID EFFECTIVENESS MEETING, POSE FOR A GROUP PHOTO OUTSIDE THE TAJ PAMODZI HOTEL IN LUSAKA, ZAMBIA October 18, 2007. MAXIMAGES PHOTO/MACKSON WASAMUNU.

AFRODAD is proud of the fact that it has been able to make contributions to the **major international and African-focused discussions** which have taken place in 2007 regarding **Debt cancellation, aid effectiveness, follow-ups to the Financing for Development work and the campaign to achieve the Millennium Development Goals.**

the governments. In the same vein CSOs were urged to engage donors on their role for financing the PRSPs under the macroeconomic framework which seen as flawed. Parliament was seen to be very important in this process though they were not fully involved

African countries were encouraged to learn from each other's experience in the implementation of PRSPs instead of relying on technical assistance. They were also challenged to open up policy space to encourage the participation of CSOs in the formulation and the implementation of the PRSP. Governments were equally encouraged to focus on empowerment related initiatives instead of safety nets for the poor.

2.5. The role of China in Africa Research

While African governments in general have welcomed China as a new investor and a friend in what they perceive to be condescending attitudes of the West, questions remains regarding the long term impact of Chinese policies on trade and investment, development and governance, peace and security, as well as migration patterns. While the evidence remains inconclusive, the impacts of trade and investment have been the subject of several studies suggesting that Chinese investment is mainly targeted at extractive industries (in particular oil in Angola, Sudan, Nigeria) and construction (often major infrastructure projects). Meanwhile, China has given only limited attention to issues like corporate social responsibility (CSR), anti-corruption measures, human rights issues, environmental policies, transfer of skills, or the need to strengthen regulatory frameworks

International policy makers have underestimated the extent to which China is now a major player in Africa. They have failed to fully appreciate the extent to which China's engagement in Africa has the potential to seriously undermine some of their existing policy initiatives towards the continent, for example in respect of transparent and equitable management of natural resources, trade, and good governance and human rights. They have also failed to consider how they might better engage China in respect of African issues. On the other hand, Chinese development assistance, including loans, grants, and debt relief is closely linked to trade, more research has been done on the impact of the latter than the impact of the former. While China is a signatory to the Paris Declaration on Aid Effectiveness, portrays itself as a strong supporter of the Millennium Development Goals (MDGs), and promotes a "no strings attached" policy, its development assistance remains almost purely bilateral, it is highly tied to specific projects, and is associated with a limited degree of transparency.

It is against this backdrop that AFRODAD (and its national partners in the countries understudy) has during the first half of 2007 commissioned field research in 4 selected Southern African Countries (Angola, Mozambique, and Zambia and Zimbabwe) to identify the extent and manner in which Chinese development assistance, defined as loans, grants, and debt relief, differ from traditional aid by critically evaluating its impact on economic

governance and development, controlling for composition and amount of raw materials on offer, the degree of domestic stability, strength of domestic institutions and regulatory frameworks, level and nature of civil society participation, and historical ties with China. This research aims to enable African governments, institutions, and civil society to identify opportunities and address challenges associated with Chinese development assistance to Africa. The research work that started in March 2007 was expected to end by 30th August 2007. However, due to logistical problems in securing draft reports from the researchers and getting them translated the finalization of the studies dragged into December. The publications and advocacy work on this issue are designed to increase awareness of the importance of China to Africa. It is also intended to generate new thinking about how international policy towards Africa should take account of China's role on the continent and lead to better engagement of China on these issues.

2.5.1. China-Africa Meeting in Shanghai

AFRODAD was privileged to participate in an important roundtable discussion on the role of China in Africa's Development. The discussion brought together a number of socio-economic justice activists from all over the world. Participants included representatives from China, Kenya, Egypt, Sudan, Zimbabwe, Benin, South Africa, Mozambique, Burma, the Philippines, the Netherlands, UK, USA, Brazil, India and Australia.

The Roundtable Discussion held at CITIC Pent-Ox Metropolis Business Hotel in Shanghai, in the People's Republic of China from 15th to 17th May 2007 was a historic and successful event. Historic because it is the first time that China-focused African campaigners, Chinese African Studies academic specialists, NGO representatives, concerned researchers and campaigners from within and outside China came face to face in China to discuss and analyze the country's new role in the South and the global system, with Africa as a focus of study. It was successful for it provided a good starting point for the participants to think about Africa China relations with a more nuanced and broader perspective, as well as, identify possibilities for future collaborative work.

The event provided space for open and critical discussion and debate about the nature and implications of China's growing economic and political influences specifically in Africa and generally in the South. It also helped link the development issues involved in China's economic cooperation with African states and China's increasing influence in international financial institutions like the African Development Bank and other institutions of global governance. Some concrete and useful ideas did come out in the workshops about starting Africa-China linkages and how to build up from the understandings achieved in the meeting.

The meeting also highlighted the differences in the organizational culture, expectations and level of organization between Chinese and non-Chinese participants. Because of their political environment Chinese organizations must present themselves as groups that could

provide a constructive contribution to the government rather than as antagonistic entities. The "naming and shaming" style of non-Chinese NGOs is perceived as not very constructive in China. Although the African and the other non-Chinese NGO representatives are more experienced and mature in their advocacy nationally and internationally, they have very little understanding and exposure to Chinese political waters and processes for change. The common viewpoints and recommendations that came up from the workshops include:

> There is also a need to avoid the problems that Africa experienced with many institutions of global governance like the World Bank and IMF; there is a need to ensure that they are not repeated in Sino-Africans relations. At the same time, the historical relationship of China to Africa must be understood.
> There is a need to balance power relations; Africa is always depicted in all problem-solving meetings to be in a subordinate position. There is a need to reframe relations and give it a more people-centered emphasis.
> Both the Chinese and African governments must be engaged on issues of human rights, environmental protection, and impacts to communities of joint development projects among others. At the same time, China must be pushed to follow international conventions and universal standards.
> CSOs from both sides need to deepen knowledge, understanding and sharing of resources (this implies sharing examples, experiences and lessons with peers). There is a need for partnerships and programmes focusing on learning more about how CSOs influence policy processes, improving information and communication activities, etc.
> It may be helpful to push African government to be more responsive to citizens' needs and uphold their interests. The African Union have a centre in Beijing, but there is no effective NGO liaison desk. Participants in the conference (China based African scholars?) can perhaps encourage the African Union to set up one.

2.6. The World Social Forum Meetings in Nairobi

Considering that the World Social Forum (WSF) was taking place on the African continent for the fist time, AFRODAD took the centre stage on the African debt and aid debate. At the 2007 World Social Forum AFRODAD used its extensive network and wealth of knowledge to catalyse and deepen discussions on topical issues around debt and aid bringing the concerns of the African social and economic justice agenda to bear on the debates. In this regard AFRODAD organised several activities. Some of the major events that AFRODAD hosted at the World Social Forum include, a seminar on the illegitimate debt of post-conflict countries; FTA dialogue, Reality of Aid (ROA) meetings and a general dialogue on Illegitimate Debts.

The Illegitimate Debt for post conflict countries plenary examined opportunities for, and challenges to, civil society call for debt cancellation for post conflict countries as well as explored strategies and actions for maximizing the pressure on Northern governments and the

international financial institutions including the African Development Bank to cancel their debts to these countries. The meeting underscored the need for debt cancellation in the mobilization of domestic resources to meet the challenges of demobilization, resettlement, reconstruction and development.

The FTA dialogue attracted participants from Africa, Europe, Asia and Europe. About 80 people attended the one and half hour event. During the session, participants listened to presentations from the commissioners' work in Malawi and Zambia. Some of the issues highlighted during the presentations included; a brief introduction of the main purpose, objectives and concepts behind the fair and transparent arbitration mechanisms and how it is key to solving the debt problem for Africa. Participants observed that FTA still remained a rather technical subject that needed implication for ordinary people to identify with. It was also noted that the success of the FTA initiative depends much on the ability of CSOs to gather support from the grassroots. There was also a call for closer collaboration between the northern and southern civil society organization around this initiative. It was thus recommended during the dialogue session that there was a need to create an international institutional framework to provide fair arbitration.

AFRODAD also held a full-day workshop to launch the 2006 ROA publications (Global and Regional Editions) on behalf of the reality of aid management committee at the world social forum. The workshop focused on the theme of Conflict, Security, and Development, the 2006 Edition of the Reality of Aid Edition took a look at the various conflicts across the global analyzing their causes and impacts. The workshop also critically examined the International Security Agenda in the post 9/11 era and the growing trend in the alignment of aid to the support for the Global War on Terror.

Outside the World Social Forum, AFRODAD, under its ROA African cordinatorship was called upon and share its work and participate in the African Monitor (AM) conference on their "Baseline matrix on aid commitments" held in Johannesburg in May. The AM is a new organization formed by the Archbishop of Cape Town specifically to monitor progress on the G8 commitments to increasing aid to Africa. At the meeting, AFRODAD was able to use its experience and influence from ROA to enrich the meeting which culminated in the production of a statement for presentation to the then British Prime Minister Tony Blair during his farewell tour to Africa.

2.5. The Impact of Macroeconomic Policies on Social Services and HIV/AIDS

Macroeconomics is overarching in the challenge that it presents to social spending and to the fight against HIV/AIDS as well as impacting on development and economic agendas. AIDS is not only a medical problem, but an economic, social, cultural and political problem. HIV/AIDS is associated centrally with the collapse not just of communities and families but potentially of states, with some of the largest public health interventions ever and enormous

questions about governance, a huge population of orphans and deep questions about intergenerational relations and cultural transmission. The HIV/AIDS pandemic is thus being played out against the background of a range of other crises and transformations, many of which complicate it or inhibit effective treatment, care, and scientific undertaking. Fiscal crises weaken health care systems. Weaknesses in higher education undermine local capacity in many of the most affected countries.

The IMF monetary policies may seem appropriate for combating the crisis of hyperinflation but its tactic of tightly constraining public spending in order to get inflation down remains highly contradictory to the reality on the ground in most developing countries especially in Sub-Saharan Africa that is at war with the HIV/AIDS pandemic and striving to attain the MDGs. The excessive budget discipline of IMF and World Bank that leads to ceilings on national spending, and to direct cutbacks in basic government services provision in most countries that borrow from the IFIs require revision if the fight against the HIV/AIDS pandemic is to succeed.

It is against this background that AFRODAD in collaboration with Christian Aid did in the first half of 2007 commissioned a study to increase both the citizens and policy makers' understanding of these issues. The major objective of this study was to provide evidence of the interactions between macroeconomic fundamentals, social spending and the fight against HIV/AIDS in Africa. The studies were commissioned in late May in Malawi, Ghana, and Ethiopia. The final reports were received in July. A side event was organized to present and discuss the research findings with a global audience at the IMF-World Bank annual meetings.

2.5.1. World Bank and the IMF annual meetings

During the year, AFRODAD organized a side event at the Bretton woods institutions. We sought to provide a forum for dialogue with the Bank on (i) the need to balance the call for economic growth and the provision of health services especially the fight against HIV/AIDS and (ii) the fund over the trends in the implementation of the PRSPs. The side event brought CSOs from across the world as well as the senior officials from the bank and the UN. Issues around content, process and outcome were discussed, with the World Bank admitting that they had not adequately involved the CSOs in setting priority in the development of the policy matrix for the countries as well as monitoring the impact of policy. The meeting finally noted that PRS should focus in redistributive policies as opposed to the safety net approach the program was using.

AFRODAD also championed the cancellation of Liberia's debts. In this regard the organization presented its case to the World Bank Executive director for the Anglophone region to appealed to him to push the case for Liberia's debt cancellation among his colleagues. AFRODAD been cognizant of the need to lobby from all possible fronts also joined up with Oxfam NOVIB to meet with the minister for development cooperation from Netherlands to push for the same agenda. We are happy to report that by the end the year, Liberia got debt relief.

Earlier on in February, AFRODAD had joined hands with EURODAD, her 15 affiliates and her partners abroad (Sweden, Norway and USA) in writing a statement and lobby letter on Liberia, calling on Liberia's bilateral creditors to cancel Liberia's. This was to compliment the official negotiations that the president of Liberia had started with the US government and the IFI institutions. The cancellation of bilateral debts made the negotiations easier for Liberia as they substantially reduced the country's debt stock allowing it to have access to concessional lending to finance from IFIs and official development assistance. Both the statement and the letter were well received as contributed to the cancellation of the country's debt by Norway, and USA.

2.6. AFRODAD Macroeconomic Training Sessions

The lack of civil society capacity and experience in engaging with the International Financial Institution (IFIs) at the national level has been a major contributory factor to poor policy programs in addressing development issues in Sub Saharan Africa. The Civil Society Organizations (CSOs) are relatively young and lack the capacity for effective engagement with both the international and national policymaking institutions. The International Financial Institutions (IFIs) have taken advantage of the CSOs' lack of in-depth analysis in policy content issues to design and force development processes on African governments without being accountable. At the same time strong calls have been made for AFRODAD to take a leading role in capacity building for CSOs on IFI issues. This issue has been raised at previous AFRODAD workshops and Joint Programming sessions.

AFRODAD has so far organized and participated in four trainings across the continent. The first training was conducted in Uganda in collaboration with the Uganda NGO Forum in February. The meeting brought together civil society organizations in Uganda to a five days training. The partner organization fundraised and invited AFRODAD to contribute to the training by providing technical support in the form of training materials as well as personnel to assist with the training. This was followed by a second meeting in Maputo. The last two trainings took place in December in Tanzania and Malawi. Efforts to get the courses administered in Ghana and Sierra Leonne during the third quarter of the year were frustrated by financial and administrative problems associated with the local partners' offices.

The second training took place in Maputo in May also lasted 5 days. It was jointly co hosted between AFRODAD and its partner, the Economic Justice Network (EJN) a regional religious based organization with a focus on bringing economic and social justice issues into the church of the southern African region. Other participating organizations included the Norwegian Church Aid as well as the Christian aid. The meeting brought together church based organizations from southern Africa as well as some AFRODAD partners that are secular. In the training, AFRODAD contributed personnel as well as the updated training manual to program.

The uniqueness of the Maputo training is that it was specifically tailor-made to suit the specific context of religious groups actively involved in economic justice work. In this respect, two special training annexes on Gender, Religion and Economic Justice and Religion and Economic Justice were developed. The idea behind the two modules was to encourage, strengthen and increase church voice/participation in economic justice issues at various national, regional and international levels. Using the existing module as a base, AFRODAD will continue to modify the macro-economic module to suit specific needs of different audiences.

2.7. Export Credit Agencies (ECAs)

The use of export credits has recently become an important source of support from industrialized countries for exports and investments of private corporations in developing countries. Export credits are supposed to help bear responsibility for promoting sustainable and equitable development in developing countries but too often their promotion conflicts with domestic priorities. Export guarantees and investment insurance turn out to be primarily trade-promoting instruments for companies in the North rather than development-oriented instruments for the Third World. The economic, social and environmental consequences of the projects supported are dubious, and the 'ambiguous' character of export credits and guarantees only further aggravate the problem.

AFRODAD since March 2006 engaged on an Export Credits Agencies project that sought to examine the role and impact of ECAs on Africa's development and debt overhang. This project's research paper publication and position papers were finalized in the first half of 2007 as its research and workshop dialogue series were completed in the last quarter of 2006. The work covers case studies in Nigeria, Cameroon and Zambia. The Studies noted that ECAs do not have convincing policies, procedures, safeguards, or standards to protect local communities, the environment, and human rights, or to prevent corruption, manage debt impacts, or to consult with citizens in affected communities. Nor do they have effective policies to disclose information regarding their activities. It is against this background that ECAs have been regarded as globalization's dirtiest secret mechanisms with massive "dirty" projects in many countries across Africa.

AFRODAD since convening a global conference in September 2006 in Yaoundé, Cameroon has made plans to use the second half of 2007 and part of 2008 to strategically engage both African governments and ECAs host governments on how to improve the sad scenario of ECAs in Africa. In this way, AFRODAD seeks to push for transparency in the work of ECAs in Africa as well as ensure that issues of economic justice and the preservation of the environment are put to the fore with key institutions such as the OECD among others. Research in 3 additional countries was commissioned in Gabon, DRC, and Lesotho in November and is expected to run till mid February 2008. A number of consultations with key personalities and institutions will then take place to lobby for a revision of the ECAs approach to Africa's development. With

new emerging lenders of China, India, South Africa and Brazil the campaign will have to go beyond the non-OECD members. A review of the South-South cooperation within the context of rethinking the aid architecture and lending mechanisms will be quite useful.

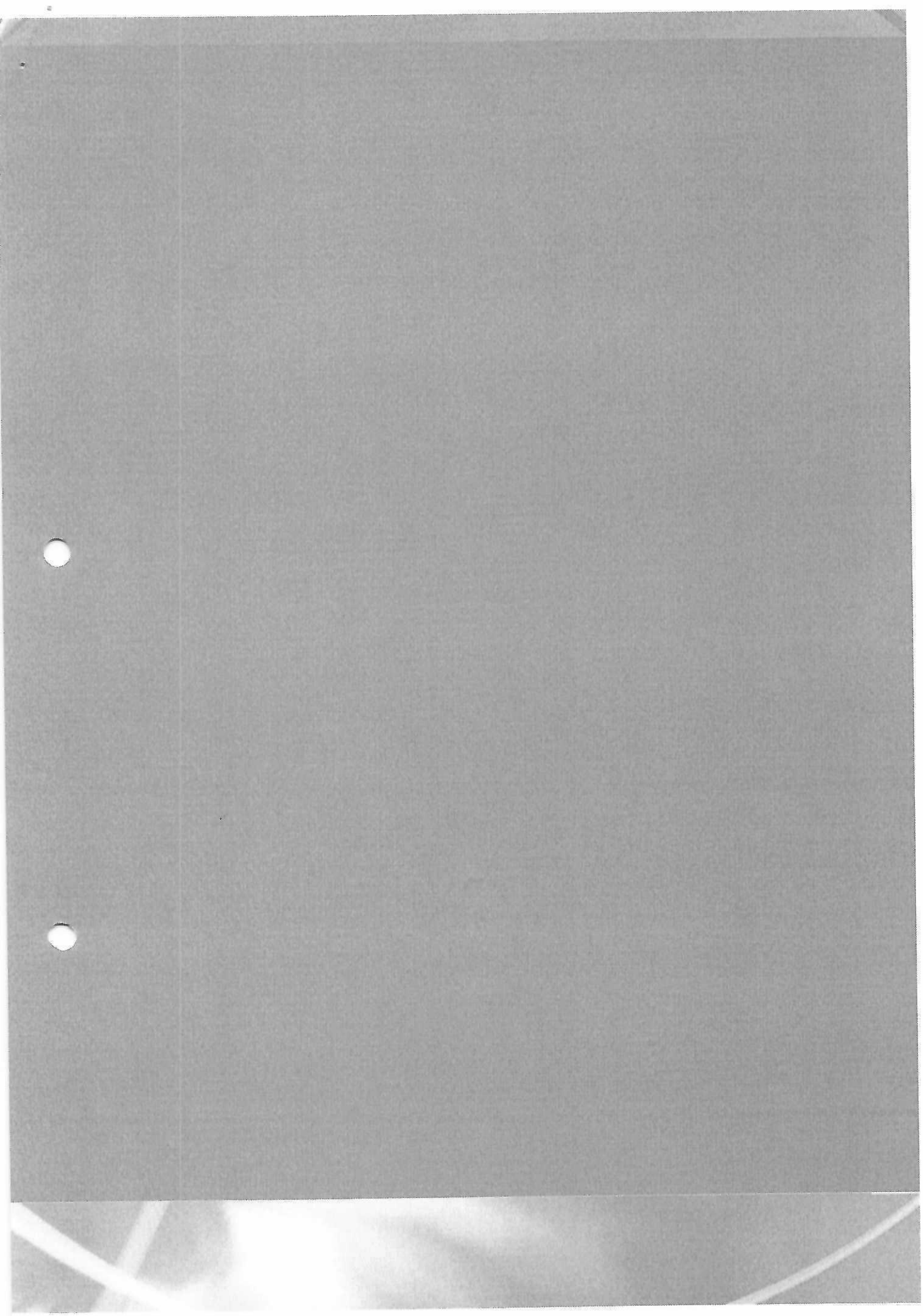
2.8. Debt Audits and Profiling

The implementation of citizens' debt audits is a vehicle for information sharing that would enable citizens to evaluate the occurrence of public debt in official policies and budgets. It is also a way of questioning the legitimacy of external debts owed by developing countries over-burdened with outstanding loan repayments. It points out the growing and worrisome relationship between public (external and internal) debt service and total income allocated to the general state budget, as well as the important and growing difference between investment in health and education and the funds allocated to debt service.

Our ultimate aim of carrying out debt audits is to profile external debt by critically looking into the origin of a country's debt and ascertain what has led to the unsustainability. Through these audits we seek to examine contract formats, legal and institutional frameworks, current information on the debt, current IMF and World Bank agreements and provide recommendations to reducing the amount of domestic and foreign debt held by most African states. As AFRODAD we are convinced that Debt Audits allow us to reconstruct the sequence of events which have led to the present deadlock. And they enable us to avoid repeating the mistakes of the past.

Thus, during 2007, AFRODAD managed to complete its research work on debt audits which were commissioned in 2006 in five countries namely; Mozambique, Kenya, Sierra Leone, Cameroon, and Nigeria. The Debt audits reports were finalized and posted on the AFRODAD website. The debt audit reports were produced with the assistance of Debt Management offices/units in the countries studied. Problems were encountered in finalizing the case of Liberia as the hired researcher decided to return the initial payment after promising to deliver since 2006. The Debt audits are meant to be a vehicle through which AFRODAD and other CSOs can augment campaign work on the cancellation of illegitimate debts in countries such as the Democratic Republic of Congo and Liberia. The constraints encountered during these preliminary debt audits included the lack of technical co-operation by those institutions dealing with debt information (such as the Central Bank, Ministry of Finance , the controller Audit-general); and lack of power to bring legal actions in case of discovering evidence of liability. Parliaments still needed to be influenced to take a lead in these audits as they are the custodians of public financial resources and a check on the executive.

By bringing this issue of Debt audits to the fore, we hope it will inspire our parliaments and other policy makers to consider the rational behind the campaign to fight for the cancellation of odious and illegitimate debts and above all, use it as a way of exposing and rooting out corruption in the public sector.



AFRODAD's input has been sought both at the UNECA and Africa Union conferences at regional level and internationally, **AFRODAD has continued to give significant contributions** at the UN ECOSOCC and Financing for Development process.

3.1. Engaging Financial Institutions

The current debates around reforming the IMF quota system to better reflect the economic weight of various emerging economies, but to also increase the decision-making power of developing countries are moving at a glacial rate. In January 2007, an internal audit by 25 independent academics, that assessed Bank research from 1998-2005, found that while the Bank does produce some "outstanding work", almost two-fifths of this research was simply used to "proselytize" Bank policies

The IFIWatchnet, a web-based facility for integrating the work of organizations tracking the policies and activities of the IFIs, which AFRODAD is a regional animator for Africa, is now being jointly run by the departments of information and Advocacy. The IFIWatchnet was created to generally to expose the negative impacts of IFI projects/programmes in each global region by presenting case evidence of the institutions operations in their countries and how these affect the day-to-day lives of the citizens. AFRODAD facilitates the participation on network members through soliciting and posting various articles to the IFI website to provoke international debate. In April, AFRODAD participated in the annual IFI Regional Animator's meeting a planning/strategy meeting to find ways of making the website work better. Most of the IFIwatchnet work is sponsored by Ford Foundation and is hosted by Choike which is based in Uruguay.

During the year AFRODAD has been soliciting articles speaking to the work of international financial institutions from its national partners and posting it to both AFRODAD and IFIWatchnet website. This helps to share experiences globally and also seek solidarity from other activists working on socio-economic justice issues. New and innovative mechanisms are being developed for financing development and regulating private capital flows, and high level working groups are looking into issues such as capital flight, tax havens and remittances. While many of these new initiatives represent exciting new opportunities, it would be naïve to assume they are without their own challenges.

3.2. Commonwealth CSO HIPC Ministerial meeting, Accra Ghana

The World Bank (WB) and the International Monetary Fund (IMF), as the leading lending agencies, have been under mounting pressure to deal with a wide range of debt sustainability challenges. The challenges have refused to subside. Instead they continue to stimulate urgent need for a new debt sustainability framework and debt management orientation that can allow for the borrowing economies to break the vicious circle of unending distress. The Heavily Indebted Poor Countries (HIPC) framework and the 2005 G8 Debt deal which is generally a compromise of the US and UK proposals are yet to shake down into a coherent strategic compact (with the poor countries of the borrower economies) capable of addressing unsustainability challenges facing the debt burden of all the poor economies of the South.

Prior to every annual Commonwealth HIPC Finance Ministers meeting, the Commonwealth Secretariat in London traditionally ensures that it consults civil society organisations across Africa on key issues to be presented to the Finance Ministers. AFRODAD has been a key member of this group and was this year once again invited to CSO consultations in May held in Accra, Ghana. Although it was unable to participate, AFRODAD had been nominated by the participants to represent civil society at the Washington Minister's meeting and present the civil society positions. It is pleasing to note that AFRODAD's sphere of influence is growing as it is increasing become a strong reference point for various economic justice issues both in the North and the South.

Key issues with the Bank and the Fund still remain the fact that austere and ineffective policies prevail. In December 2006, the World Bank's internal auditor determined that despite Bank efforts to fight poverty, it has failed to increase incomes in many poor countries over the past decade, leaving tens of millions of people living in the same or worsening conditions. In January 2007, an internal audit by 25 independent academics, that assessed Bank research from 1998-2005, found that while the Bank does produce some "outstanding work", almost two-fifths of this research was simply used to "proselytize" Bank policies. Now a year later, the IMF's internal auditor has determined that the Fund's policy to "streamline" and reduce the number and scope of conditions attached to loans - a policy adopted in response to the burdensome and intrusive lending conditions the Fund placed on countries in East Asia at the time of the Asian financial crisis essentially has had no impact.

3.3. The IDA replenishment

The International Development Association (IDA). IDAthe World Bank Group's concessional loan facilitylends to an immense variety of programs and projects. These range from basic service provision to oil, gas, and mining projects and economy-wide adjustment operations. These activities are funded through interest-free loans and grants in 81 of the world's poorest countries. For the least developed countries, particularly in Sub-Saharan Africa. Of all IDA countries, 39 are in Africa, while the remaining 40 are dispersed throughout the rest of the world.

In June 2007, rich countries contributing to the World Bank's International Development Association (IDA) converged in Mozambique to make financial contribution to enable the IDA instrument continue lending at concessional rates. Given the importance of the meeting to the continent, AFRODAD as a regional organisation sought to assist in the co-ordination and mobilisation of the civil society organisations activities around the pre, during and after the replenishment consultations through her national affiliate - the Mozambique Debt Group (MDG). The activities included assisting in the formulation of key issues to be included in the national and regional statement, presentation of the regional position as the CSO consultations on IDA as well as holding the aid effectiveness debate in Mozambique.

During the same period, AFRODAD was among the five civil society organisations accorded the opportunity to meet with the World Bank's vice president. The meeting was an opportunity for the CSOs to raise their concerns around the institution's programs in the continent. AFRODAD together with her partner MDG raised issues around the inconsistencies of indicators and bench marks of the World Bank's program of partnership assistance strategies with countries' national development plans. The arguments mainly raised included the high cost of transaction for the government as well as undermining the country ownership and leadership and the principle of mutual accountability under the Paris declaration. Other issues raised included the program of World Bank on post conflict countries with protracted arrears especially Liberia. The two issues proved difficult for the Bank to respond as they struggled to provide evidence that was non existent using the case of Mozambique's PRS. On post conflict countries, she indicated the bank was still working on a program to address the special cases.

3.4. Fair and Transparent Arbitration Project

The need for structural changes to deal with African debt crisis prompted the need for investigating the possibility of the establishment of a fair and transparent arbitration (FTA) mechanism on Debt as away of resolving the power imbalances between the powerful Creditor nations and weak Debtor nations, as well as a result of non-movement in resolving the debt crisis in a transparent and democratic manner.

During the first part of two years 2005-7 (i.e. August 2005 up to mid 2006) AFRODAD commissioned two important research papers on how to take the FTA mechanism further. The two research papers were done by one Northern professor based at the University of Vienna in Austria and one Southern renowned-Lawyer with the centre for Arbitration based in Zambia. The papers unpacked the concept of debt arbitration, spelt out the way forward in getting the arbitration issue on the international agenda. The papers have also assisted in drawing a road map in dealing with the arbitration process-the compilation of case evidence, mobilization of civil society towards such an agenda and the final submission of the case to the United Nations.

AFRODAD also did set up four civil society FTA country based-commissions in Malawi, Tanzania, Cameroon and Zambia. The whole purpose of the commissions was to have key leading civil society activists (mostly versed in socio-economic justice and legal matters) help define key country issues for arbitration with the Bretton Wood institutions and other major creditors. These will eventually constitute the global civil society FTA commission representatives to table the 10 cases/dossiers for arbitration before the United Nations and other regional groupings such as the African Union

In the first half of 2007, the challenge was for AFRODAD to take the FTA case to the World Social Forum in Kenya as well as mobilize other CSOs globally to rally behind the project. At the same time there was need to engage other regional CSO organizations in Asia, Latin

America in the FTA research and advocacy agenda. In line with recommendations given at the 2007 World Social Forum, AFRODAD will work with its partners in the North. These include European Network on Debt and Development (EURODAD), Christian Aid (UK), Jubilee Germany, Blue21 (Germany), CIDSE and the Jubilee South movement.

In order to expand the ownership and activities of the FTA after the World Social Forum, during the second half of the year, AFRODAD sought to launch the FTA activities among our partners in Germany. In this regards AFRODAD participated in a speaker's tour in Germany to seek to popularize the FTA agenda among the members of Erlasjahr de. The theme of the Speakers Tour was "History made Poverty". During the tour AFRODAD highlighted aspects of illegitimate debt within the framework of the establishment of the Fair and Transparent Arbitration mechanism. The theme was also a mobilisation topic for our partner organisation towards the G8 summit. The audience included people who were not debt experts, but rather the grassroots movements based in Germany. The presentations sought to motivate the various groups in Germany to rally behind the call for arbitration. The AFRODAD proposal for a debt arbitration process was very well received by the participants. A concerted effort is however still needed if the momentum is to be maintained. At the same time, there is need to develop an institutional engagement with our partners in how the process is to be operationalised. AFRODAD is in initial discussions with EED and Erlasjarh to establish the best ways of collaboration.

3.4.1. FTA Studies

One major obstacle to any eventual institutionalization of a process for recognizing and dealing fairly with illegitimate debt is the current absence of an institutional framework designed to ascertain the nature of debt-creating operations. The illegitimacy framework provides more encompassing range of arguments for debt cancellation and a solid basis for debt arbitration. This framework is not only based on a critical, holistic and rigorous understanding of historical and current realities around the debt issue, but it is also a perspective that strengthens Southern peoples' claim that they don't owe these debts and they don't have to pay them. The framework also lends a solid support to the claim that, in fact, peoples of the South are the real creditors.

The AFRODAD FTA process is meant to result in 10 case studies of which five of these speak directly to the issue of illegitimate debt while the other five touches on issues related to wrong policy advice and induced reforms by the international financial institutions. Three were commissioned in Indonesia, Argentina, and Philippines. In this regard AFRODAD dedicated the first half of 2007 to finalize three outstanding case studies on illegitimate debt, two from Asia Indonesia and the Philippines and the other from Latin America's Argentina and Ecuador. These studies have now been completed and published on the AFRODAD website.

3.5.1. FTA Meetings and Consultations

During the first half of 2007, a number of meetings were convened to popularize the FTA work both at regional and national levels in Africa. The most important has been the AFRODAD organized sessions on FTA at the World Social Forum. The Illegitimate Debt campaign which is a component of the FTA was also launched at the World Social Forum and was able to attract a number of secular and ecumenical groupings from across the globe and the wide spectrum of CSOs. The World Social Forum gathering was addressed by a number of key notable speakers including the Nobel laureate, Prof Wangari Maathai.

The Mozambique FTA meeting in March 2007 topped the national consultations in selected countries with discussions been centered on the need for countries to pursue responsible national economic programs and avoid been sabotaged by transnational companies in the area of mining and infrastructural development countries.
This year's G8 summit took place in Germany at time when the organisation was involved in promoting the Fair and Transparent Arbitration mechanism activities in Germany. AFRODAD thus took the opportunity to join her European partners particularly Erlassjahr in their call for immediate cancellation of illegitimate debts of third world countries by the G8 countries. We were thus involved in the collection of signatures on balloons calling of the same on the G8. A part from collection of signatures, AFRODAD was asked to join the CSOs in launching the official protests against the 2007 G8 summit in Germany.

AFRODAD was thus among the front runners holding the 'another world is possible' banner. During the protest, AFRODAD took the opportunity to highlight analysis and perspectives on issues of economic governance and the debt crisis in the continent to the media groups that conducted interviews with us. The media groupings included mainly the BBC radio and national German TV stations. Efforts are underway to speed up the distribution of the FTA material as well as intensify mobilization of support through engaging the United Nations, the African Union, the European Union, the US assembly and key human rights institutions that are instrumental in the progress of the project. However, it appears that the project may need more time, resources and space if it is to achieve its intended objectives in the long-run. To this end, AFRODAD has entered into another two-tear funding agreement with Ford Foundation which is earmarked towards bringing the FTA cases to the UN doorstep.

3.6. The African Union ECOSOCC Consultations

During the inauguration of the first African Union Economic, Social and Cultural Council (ECOSOCC), AFRODAD was selected by other civil society activists to represent the Southern Africa region for the period 2005-2007. To this end, AFRODAD has been mandated with the responsibility of organizing and coordinating the engagement of Southern Africa's civil society members with the African Union (AU). This involves concretizing and mobilizing civil society in

Southern Africa to fully and effectively engage with the African Union and its member states within Southern Africa on issues of concern to the citizens

The major aim of the project was to increase Southern Africa civil society awareness of the African Union activities through effective participation in ECOSOCC. To this end, AFRODAD with financial support from Action Aid International, and Southern Africa Support, and in cooperation with CSOs in the Southern Africa region began convening regional and national meetings in a bid to establish chapters for ECOSOCC in the region in the last quarter of 2006. In the first half of 2007, AFRODAD was able to convene one regional meeting in Namibia and 6 national meetings. Participants to a regional meeting held in Namibia included participants from regional CSOs, mostly socio-economic justice , human rights and trade networks. The regional meeting was meant to cater for those organizations that were not able to participate in the 2006 regional meeting that took place in Johannesburg in November 2006. Efforts are been made to convene elections as well as cover the remaining 4 countries during the second half of 2007.

AFRODAD, as an elected representative of Southern Africa (up to end of 2007) in the African Union ECOSOCC bureau would like to use its mandate to popularize ECOSOCC, strengthen Southern Africa civil society engagement and effective contribution. The project work has so far revealed that CSOs need structures such as ECOSOCC as a rallying point for their effective engagement with the African Union. However, the African Union institutional set-up of ECOSOCC secretariat under Citizens Directorate (CIDO) will need further restructuring if it is to remain vital to CSO needs. It is very clear that the current AU secretariat dealing with ECOSOCC is not in a position to adequately represent CSO needs and an independent structure outside the auspices of the AU commission is required in future. CSOs have great potential of influencing their governments through ECOSOCC as long as they are capable of electing responsible and focused leadership.

3.6. 1. The AU Summit in Addis Abba in Ethiopia

AFRODAD as a pan-African regional organization, that since its inception in 1996, has been working with the African Union (and the then Organization of African Unity) was privileged to have its Executive Director address both the Executive Council and the heads of States and government on the 29th of January 2007 in Addis Abba, Ethiopia. This gave AFRODAD an opportunity not only to report on the ECOSOCC process in Africa but also to put before the African heads of states development matters of concern of African citizens especially issues of economic governance, debt and aid.

The report presented to the heads of state and government has since been put on the AFRODAD website. The address covered CSOs work, issues of continental concerns and proposals to take Africa forward in its socio-economic development matters. During the Summit, AFRODAD in partnership with Oxfam and the Open Society Initiative's Afrimap

managed to launch as joint study on the engagement between the African Union and civil society. The launch was graced by members of the African Union diplomatic community, the African Union commission staff and a number of funding agencies. This in a way increased the visibility of AFRODAD and marketed its work. Following the launch AFRODAD was also invited to participate in the Worlds Vision international sponsored study on the African Union and civil society. Besides participating at the Addis Abba African Union summit, AFRODAD also took part at the Ghanaian summit's debate on the Union government.

3.6.2. National Consultations

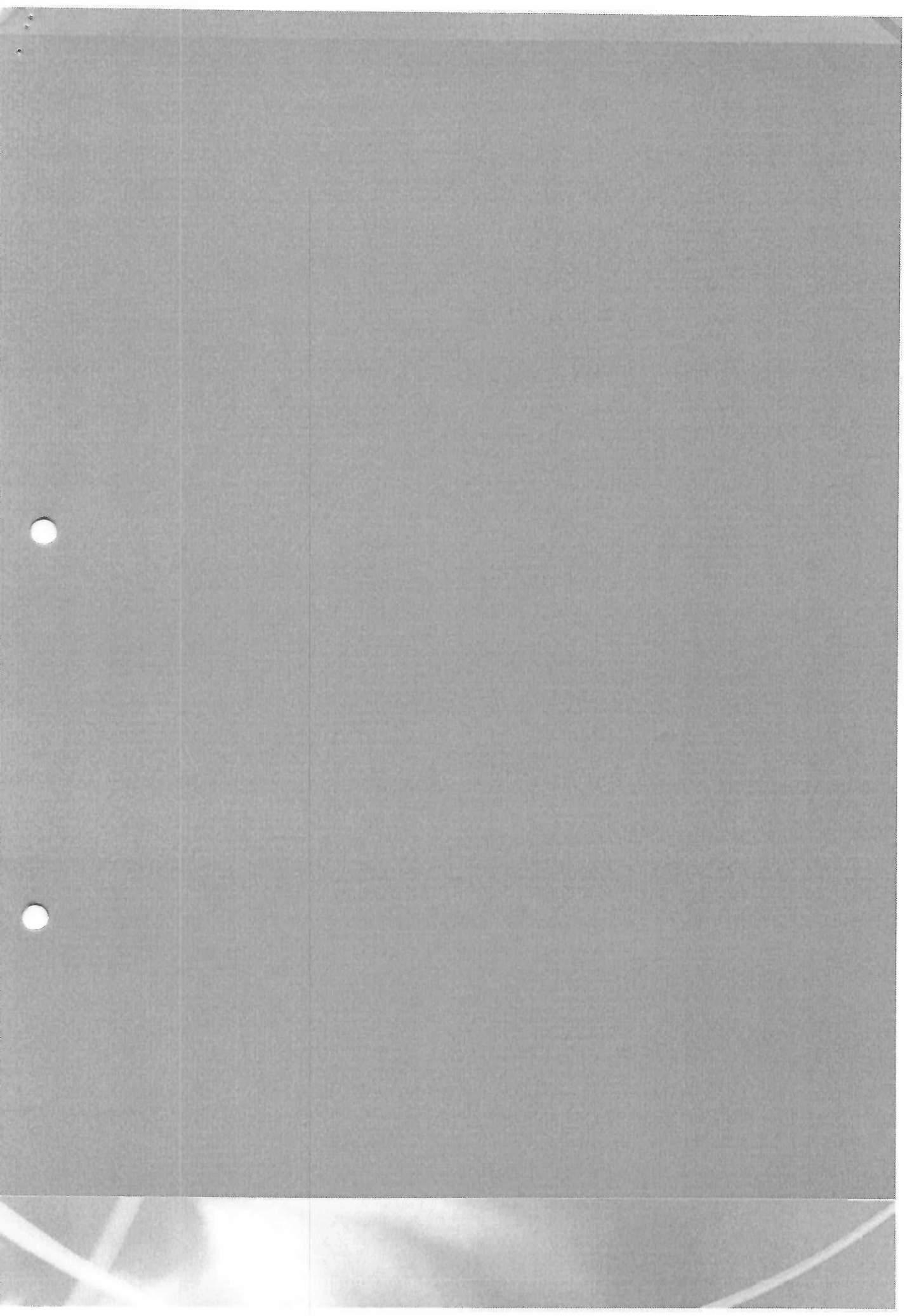
During the first half of 2007, with the assistance of national partners, AFRODAD was able to convene national meetings in Mauritius, Namibia, Seychelles, Malawi, Angola and Zimbabwe. In the second half of the year consultations have been held in the Seychelles, Madagascar, and Swaziland. A part-time consultant from Mozambique was since been hired to speed the work on national consultations.

The ECOSOCC project strongly links regional and national CSOs lobby work with AU and the SADC, although an organizational framework to sustain such efforts still needs to be established with closer cooperation with the SADC-CNGO. ECOSOCC is a window through which AFRODAD and other economic justice CSOs can influence African governments. A number of key issues and concerns around matters that both AU and SADC should and can address for and on behalf of its citizens have been raised and have been adequately documented in the meeting reports. CSOs in the Southern Africa region have showed keenness and enthusiasm to engage intergovernmental institutions but they do required a lot of technical and institutional support to be able to do so effectively. Convening regular meetings under the auspices of the ECOSOCC chapters is a welcome idea, but first election of leaders of such should be done in an accountable and transparent manner to keep the momentum high.

3.7. CSO hearings at the UN Financing for Development (FfD) process

The United Nations -led Financing for Development process in Monterrey in 2002 came out of a need to examine the internationally agreed development goals adopted over the past decade at previous UN summits (and at a minimum the Millennium Development Goals (MDGs)), and to determine how to mobilize and increase the effective use of financial resources to be able meet these goals. Many emerged from Monterrey feeling there was a general bargain between developed and developing countries, while others largely civil society concluded that Monterrey merely modified the "Washington Consensus" without addressing the fundamental need for change. NGOs declared in their collective message that they did not share the official consensus.

AFRODAD since 2000 has been a major civil player in the preparations and discussions leading to and during the adoption of Monterrey consensus in Mexico. At this year's consultations AFRODAD was invited as a speaker at the 2007 CSO hearings of FfD in preparation for the 2008 Doha meeting in Quatar. AFRODAD took the opportunity to make a further call for simultaneous reforms in the aid architecture between the donors and the recipient under the Paris declaration in order to improve the quality of aid. We also called for donors to meet their 0.7 GNP commitment. We noted that the aid agenda needed to look at better mechanisms for delivering aid to post conflict countries outside the humanitarian assistance framework. Lastly we called for total and unconditional debt cancellation to be extended to all poor African countries. AFRODAD was also the main CSO speaker at the round table on aid effectiveness: systemic issues. From our participation into this meeting, AFRODAD was nominated to be the regional contact for the FfD issues for the purposes of facilitating the participation of CSOs in the UN FfD process from Africa. The Doha Conference is a follow-up to the 2002 meeting to review implementation of the Monterrey Consensus. It will take place on November 29-December 2, 2008.



The AFRODAD FTA process is meant to **result in 10 case studies** of which **five of these speak directly to the issue of illegitimate debt** while the other **five touches on issues related to wrong policy advice and induced reforms by the international financial institutions.**

Section 4 Communications Department & Institutional Engagement

The department continues to form the link between AFRODAD and its key internal and external stakeholders and is responsible for communications and social marketing that assist AFRODAD in positioning itself.

The year 2007 is of great importance and significance for the organization and more so for the Information & Communications Department as AFRODAD marks 10 years of relentless campaign against the debt burden that has crippled Africa's education, health and social sectors. For the communications department this is a year during which AFRODAD must increase its visibility and maintain its foothold on the ladder of history and remain the leading voice on Africa's debt and development issues.

A substantive amount of information from and to a diversity of sectors has been in constant flow, both enhancing AFRODAD's databank of debt-related knowledge as well as increasing its outreach. This vibrant and proactive exchange has taken place in both physical and electronic spaces provided by AFRODAD's operating environment, again at local, regional and international levels.

4.1. Website Management and Media work

AFRODAD renewed its annual subscription to the wireless broadband services for speedy access to the internet. This is against the background of operating in a country that lags behind in the optimal use of internet connectivity, which consequently places its cost significantly above global trends. While the cost of broadband technology has become less and less prohibitive worldwide as the drive is to make it an affordable and widely used service, Zimbabwe, mired in economic challenges, has failed to join this mainstream, which has seen regional and international entities based in the country struggling to keep abreast with their peers. AFRODAD has continued to engage closely the service provider to overcome both the budgetary and technological challenges that this scenario poses.

The use of Skype and other Instant Messaging software has enabled the organization not only to communicate effectively and efficiently internally, but also externally. This has reduced considerably the cost of communication to the organization as well as overcoming other communication bottlenecks associated with both the country and the continent, such as poor telephone and congested networks.

4.2. Media Work

As the year to commemorate AFRODAD's 10th Anniversary, the media local, regional and international was one of the most important target audiences for AFRODAD. To this end, AFRODAD has spread its net wider and attracted the attention of old and emerging media networks to make its impact and voice heard. As well as the local and regional media,

AFRODAD made strategic relations with the emerging Arab media network Al Jazeera, which has set up an English broadcast news channel. This has enabled AFRODAD's views to be taken into consideration when speaking on African matters, specifically debt and Pan Africanism.

4.3. Publications

We have published extensively on key components of Debt and Aid across Africa, especially in East and Southern Africa. Today our publications include research papers, policy briefs, press releases and calendars. The publications below have been published, disseminated to key stakeholders and made available for downloading on the internet during the first half of the year:

The Loan Contraction Process in Africa : This includes; The case of DRC; The case of Malawi; The case of Mozambique; and The case of Tanzania and the The case of Zambia

International Financial Institutions' Impact Papers on FTA Case Studies: This includes; The Case of Cameroon; The Case of Malawi; The Case of Nigeria; The Case of Tanzania; Zambia; The Case of the Philippines and The Case of Argentina

The Export Credit Agencies in Africa: This includes; The Case of Cameroon; The Case of Nigeria and The Case of Zambia

Aid Management and Donor Harmonization: This includes; The Case of Kenya; The Case of Ghana;' The Case of Liberia; The Case of Malawi and The Case of Mozambique

A special issue of the newsletter has been posted to the website and covers all key meetings and engagements AFRODAD had at the first half of the year.

Institutional and Organizational Administration

4.4. Staff Changes

A Research and Policy Analysis Director was recruited in last year and was able to join the organization as of the 1st of March 2007. She is Nancy Dubosse from Haiti. Meanwhile Ms. Moreblessings Chidaushe, the Programme Officer for Lobby and Advocacy resigned from the organization at the end of August 2007 to join the Norwegian Church Aid (NCA) partners' office in Johannesburg. We wish her well and thank her for her royal service to the organization. AFRODAD will seek to replace the vacant post of Programme Officer for Lobby and Advocacy in 2008. In the meantime, the advocacy programme will receive great assistance from Mr. Mutazu who has just returned from attending a one-year exchange

programme in Norway. He will handle special projects including the FTA and the IFIwatchnet. In addition; the new exchange programme officer will join the advocacy programme and also act as programme officer as part of her exchange program.

4.5. Assets Acquisition and Partitioning

To improve the AFRODAD asset base and working environment, swivel chairs were bought for all the offices. A new desk, swivel chair and a desk computer were purchased for the new Research Director's office. Assets were also bought for Communications and Information and these are a digital camera, an LCD projector and screen and a TV and DVD/video player. Old assets were disposed of. This is in line with the department's goal of systematically phasing out old assets and replacing with new ones. Old chairs and electrical wires, cables and lamp holders were among the old assets that were auctioned.

In order to create a conducive working environment and ensure that each officer has decent office large existing office space had to be partitioned. In the research department, one very big office was partitioned resulting in 3 good and well ventilated offices. These are now housing the Programme Officers for Lobby and Advocacy, Research and Policy Analysis and FTA. The big spacious communications office was also partitioned to create space for three sizeable offices that will cater for the Programme officer's office, the intern's office and a room for the resource centre.

4.6. Renovations and Refurbishments

Since AFRODAD purchased and renovated an old house and turned it into an office in early 2005, the electricity wires needed to be rewired. The wiring in the new office was condemned by a number of electricians as it created numerous electricity problems and often disrupted staff work. Many a times half the office would loose power and to make matters worse naked electric wires instill fear in some fearing for their lives as there was a high probability that a fire outbreak can erupt anytime. During the first quarter of 2007, an exercise to put new wiring and cabling was done. The problem has been rectified.

In the area of vehicle maintenance, the research department vehicle, the Toyota Sprinter was disposed and replaced by a new Toyota corolla which was allocated to the Research Director. An RVR vehicle was also sold in order to reduce maintenance costs and as part of the on-going exercise to replace old vehicles within the organization.

4.7. Exchange Programme

The first phase of the exchange programme came to an end in July. This exchange programme was purely North-South collaboration between AFRODAD and the Norwegian Church Aid (NCA).The first phase of exchange gave birth to a second one that combines North-South

and a South-South collaboration The first phase participant from NCA returned to Norway after completing one year at AFRODAD at the end of July. The AFRODAD participant returned in September after attending the Oslo summer school as part of the organization's efforts to empower and train individual workers within the organization. A new round of exchange Programme began in November with AFRODAD deploying to Tanzania in October Miss. Fiona Chipunza (a former AFRODAD intern) while in exchange the Tanzanian Coalition on Debt and Development(TCDD)-AFRODAD's Tanzanian national partner did send a participant to AFRODAD at the same time..

4.8. Institutional Engagements

AFRODAD participated in the annual session of the conference of African Ministers of Finance, Planning and Economic Development which took place in Addis Ababa from the 2 to 3 of April. The conference was preceded by an intergovernmental technical preparatory meeting of experts from the member states held from 29 to 31 March. The conference is the Africa' main intergovernmental forum for articulating common positions on development issues of relevance to the continent. In addition, the conference provides a legislative mandate and policy guidance to the work of the United Nation's Economic Commission of Africa, considers and endorses the work program of ECA secretariat. The conference also provides the platform for UN agencies to engage with African policymakers on topical issues on the continent's development agenda.

The theme of the conference was accelerating Africa's Growth and Development to meet the Millennium development goal: Emerging Challenges and the Way Forward. The conference thus sought to take stock of the experiences of African countries in the implementation of the MDGs and consider strategies and concrete actions for accelerating Africa's development agenda. An interactive experts and ministerial panel discussion on the theme formed an integral part of the conference.

Our participation in this conference was in the observer status. Our mandate was to represent the African CSO perspectives on the status of economic governance, macroeconomic policy framework as well as poverty reduction framework. The issues raised by AFRODAD emanated from the studies that had been conducted on PRSPs, PRGF, and aid harmonisation studies. Specifically AFRODAD observed the despite the positive economic growth currently being experienced in the continent, there was little to celebrate as the livelihood of ordinary people had not been improved and poverty levels were on the rise. We observed that this was partly because of the wrong macroeconomic policy framework and policy conditionalities from the international financial institutions. In this regard AFRODAD call called for strengthening and deepening of redistribution mechanisms as well as the strengthening of domestic institutions responsible for policy making to address the imbalance. AFRODAD made proposals to the committee of experts meeting which were adopted in the final report of the experts. The proposal included the need to strengthen the participation of CSOs in the national

development process including the planning, implementation and evaluation through the provision of enabling environment, and a structured framework of engagement. Others included the need to call for cancellation of all African countries debts with special emphasis to post conflict countries. The last proposal covered the call for additional funding to the aid for trade initiative and the need for African governments to engage seriously with the initiative to make their demands known and not let the initiative be taken over by the IFIs.

4.8.1. Pan African parliament

The Pan African Parliament (PAP) in collaboration with the Southern Africa Trust held the first Consultative Dialogue with African civil society organizations under the theme "Building Effective Mechanisms for Civil Society Engagement with Pan African and Regional Institutions" on 7-8 May, 2007 at the Gallagher Estate, Midrand, South Africa. Among other things, the Consultative Dialogue sought to exchange views and information on current issues pertinent to the development of Africa.

In this regards, AFRODAD was invited to engage with civil society organisations from the continent on issues of redefining the continental aid architecture to achieve the millennium development goals. The objective was to provide insights into the aid effectiveness debates in preparation for the forthcoming review of the Paris declaration to be held in Ghana in 2008 and providing perspectives to participants on the aid effectiveness agenda as it relates to overcoming poverty in general, and civil society organizations specifically. AFRODAD thus used her wealth of knowledge on aid harmonisation based on the country studies on aid harmonisation it had conducted on Kenya, Ghana, Liberia, Malawi and Mozambique to highlight the main issues. AFRODAD's presentation covered both the quantity and quality issues of aid as they relate to development of Africa indicating that a lot of work is still needed from both donors and recipients if aid is to have a positive impact on the livelihood of the majority of the population in Africa. On civil society's role AFRODAD noted that civil society in Africa's participation on aid harmonisation was weak, largely because of capacity issues as well as lack of access to information and participation in decision making platforms of aid harmonisation.

4.8.2. Debt Sustainability meetings with the UN family.

Two separate meetings to discuss debt sustainability were organized by the United Nations, first was the United Nations Commission on Human Rights (UNHRC) and the second by the United Nations Conference on Trade and Development (UNCTAD). All meetings took place in Geneva, Switzerland. The first was in May and the other in November respectively. The first meeting by the human rights commission sought to link the rule of law and observance of fundamental rights to the people's right to basic social services-health, education social welfare, water and food. The meeting looked at various legal and institutional instruments within the international community with the sole purpose of identifying and filling in the gaps.

The UNCTAD meeting focused on the question of further debt relief and the problems of free-riding among post-HIPCs and the tissues associated with vulture funds. The case of vulture funds dominated the discussions with a call for further research and dialogue on the matter. AFRODAD will in 2008 look at the issue of vulture funds by revisiting its earlier studies on debt sustainability but now focusing on the post MDRI (multilateral debt relief) period. The case of Zambia is key as it has been a subject of worry among the Commonwealth post-HIPC country ministers. In their communiqué to the finance ministers' annual meetings with the Bank and Fund, they called upon these institutions to address the matter with urgency as it was now reversing the MDRI benefits.

4.8.3. OECD and China

The term BRICs describes the emerging and rapidly growing economies of Brazil, Russia, India and China, whom Goldman Sachs in a 2003 paper anticipated would dwarf the world's current richest economies by 2050. Among the BRICs countries, China's involvement in Africa has perhaps garnered the most public attention. This is likely due to the size of investments (doubling current aid to the region by 2009, providing a further $5 billion in preferential loans and export credits, establishing a $5 billion China-Africa development fund to promote private investment and canceling all bi-lateral debt), the type of investments (infrastructure, large dams and resource extraction), the location of some of its investments (Sudan and Angola) and the fact that China refuses to attach any of the conditions typically associated with World Bank loans to its initiatives. While the Bank fears these investments may undermine Bank efforts in the region and may bring on a future debt crisis, some development experts have criticized China's practice of tying their aid to the purchase of Chinese goods and services, and environmentalists and human rights advocates have raised their own concerns. In 2007, AFRODAD did take a lot of time to engage with institutions dealing with the emergence of China as a new lender. This involved attending to a number of meetings within and outside the region. The engagements with China linked us up with Fahamu in Nairobi and London, the Chinese Studies centre in South Africa, CASA Africa in Spain among many others.

AFRODAD was also invited to be a member of the OECD advisory group. The AG is a multistakeholder group consisting of 12 members, including three members each from developing country partner governments, donors, and civil society organizations (CSOs) from developed and developing countries. The AG was established by the Working Party on Aid Effectiveness (WP-EFF) and is intended to function at least until the HLF3. The directors of AFRODAD, IBON Foundation and Third World Network have taken time to attend AG quarterly meetings in 2007. These meetings have facilitated civil society participation within the regional and national aid effectiveness consultations. In Africa, AFRODAD has attended to the Zambia regional meeting, the West Africa regional meeting as well as national meetings in Malawi, Zambia, Tanzania and Kenya.

4.9. Audit Exercise

This year 2007 marks the first year that AFRODAD carried out a mid-year external financial audit. The EED mid year audit was carried out in June 2007. It is a contractual requirement that an audit of the programme be conducted every six months.

5 Borehole Installation

A borehole was drilled and installed to address the persistent water problems, which were going to create an unhygienic working environment. The exercise was in the 2007 annual plan.

6 Financial Reports

Due in March after board review and auditing.