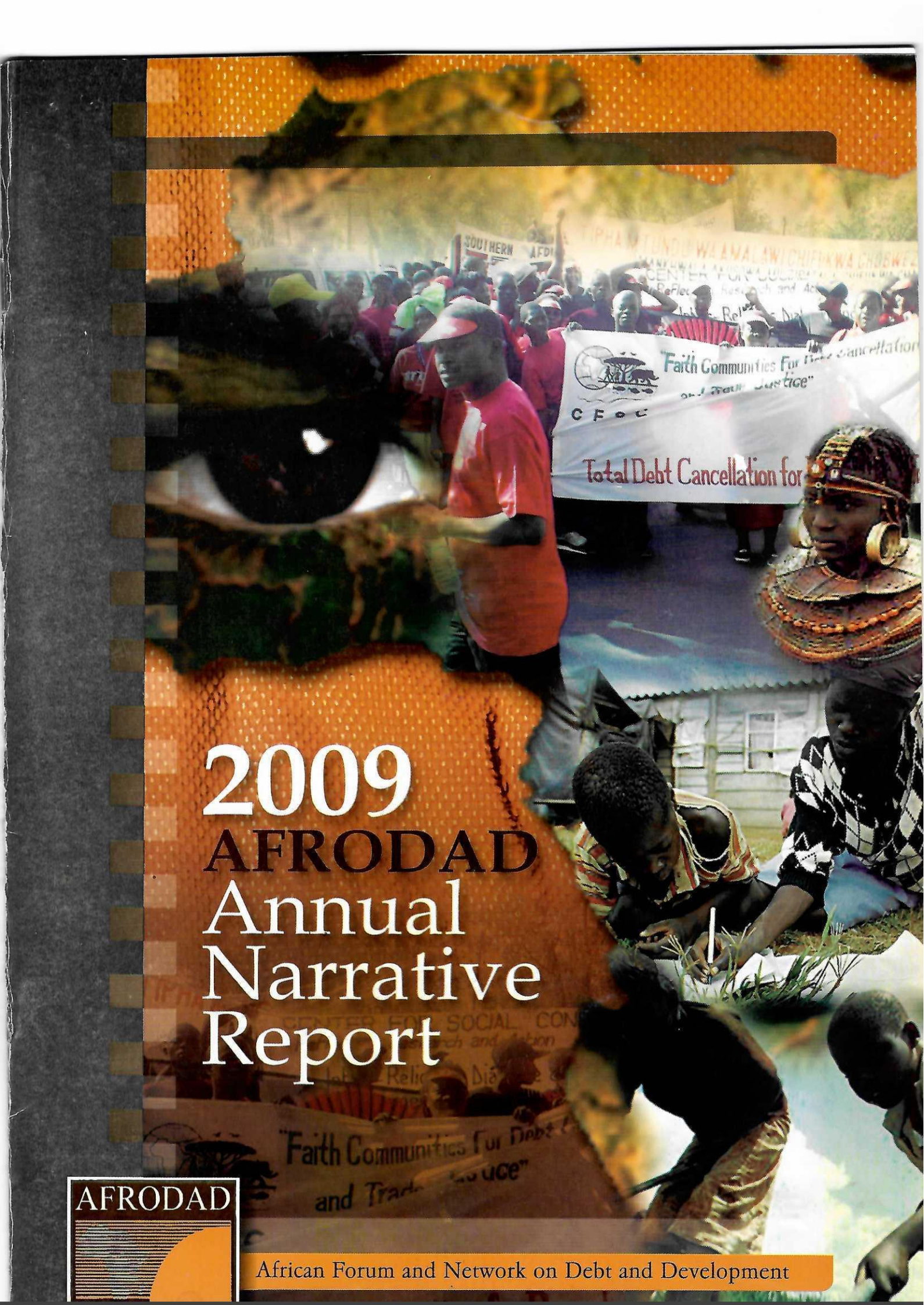




2009 AFRODAD Annual Narrative Report

AFRODAD

African Forum and Network on Debt and Development

TABLE OF CONTENTS

1.0 INTRODUCTION	2
2.0 DEBT PORTFOLIO	3
2.1 Domestic Debt	3
2.2 Debt Profiles	5
2.3 Ecological debt	6
2.4 Fair and Transparent Arbitration (FTA)	7
3. DEVELOPMENT AID PORTFOLIO	10
3.1.1 Publication of an aid effectiveness book	11
3.1.2 Mapping of Chinese Development Assistance in Africa and an Assessment	11
3.1.3 Reality of Aid report	11
4. ECONOMIC GOVERNANCE PORTFOLIO	12
4.1 Macroeconomic Training	12
4.2 Evaluation of the Macroeconomics Course	12
4.3 Tax Justice Project	13
4.4 Extractive Industries	13
5. INFORMATION AND COMMUNICATION	14
5.1 Resource Centre Development	14
5.2 New Website	14
5.3 Newsletter	15
5.4 Media	15
5.5 ICT Policy	15
6. INSTITUTIONAL DEVELOPMENT AND ADMINISTRATION	15
6.1 Staffing	15
6.2 Staff exchange programme	16
6.3 Board restructuring	17
6.4 Procurement of Assets and Infrastructure Development	17
6.5 HIV/AIDS in the Workplace/Medical Aid Coverage	17
6.6 Annual and semi-annual Auditing and Evaluations.	18
6.7 Internal Policy Development of Finance & Information	18
6.8 Finances	18

1. INTRODUCTION

2009 was marked by the continuation of the global financial crisis. Africa has absorbed a significant amount of negative impact of the global crisis, which presents a real threat to poverty eradication on the continent. A recent report on the impact of the financial crisis¹ highlights the fact that the crisis has led to an acute contraction in economic activity around the globe, with most major economies now in the depths of deep depression. The report further points out that the threat to Africa's development is exacerbated by the fuel and food crises of 2008. The impact of the financial crisis on Africa is being felt in a number of ways – decline in export income, capital inflows and remittances, and declining rate of growth in overseas development assistance. While investors have been reluctant to increase African investment, China has emerged as the exception.

Development assistance continues to be one of the main instruments of international cooperation and has become an important ingredient in financing national budgets in many African countries. Governments are increasingly allocating a big portion of development assistance towards key sectors of development. Some African countries, are progressively following a more “look East” policy, hence China is steadily replacing the traditional western donors.

China has been extending assistance to countries like Mozambique and Zambia prior to and after the attainment of independence. The assistance has been in the main loans (under which economic and technical cooperation is included), and to a lesser extent, grants in the form of cash and materials. China has implemented several public projects financed by its China Export-Import Bank. The development assistance and co-operation that is extended by Beijing to these governments as part of its overall commercial engagement is one of the reasons why China has increased its investment in Africa. This assistance is channelled through concessional loans and other types of funding to projects such as the construction of hospitals, schools, sport stadiums, government buildings, debt forgiveness, academic training and technical training. In essence China has invested in almost all the spheres of these countries' economies.

The need to refrain from reckless borrowing and to have clear development aid policies remains critical, especially in the face of mixed reactions and concerns that China's involvement with Africa poses challenges to African governments with regards to issues of economic governance, upholding human rights, and promotion of transparency and accountability. China's economic expansion to the continent has significant implications for Africa's development and growth. The discussion on Chinese engagement with African governments needs active involvement of civil society and the policy actors, to build an understanding on its implications, more so in light of the fears that the Chinese Diaspora is remitting nearly all of its money back to China rather than reinvesting it into local economies. There are some who see Chinese involvement in Africa as a blessing and as an alternative to the stringent aid policies from the development world. In spite of these developments on the continent, debt remains a major hindrance to the development agenda of Sub-Saharan Africa. AFRODAD has for many years, been at the forefront of African civil society organizations advocating innovative financial mechanisms to finance development projects and for a comprehensive and transparent public resource management process in Africa. AFRODAD will be stepping its efforts by looking at the continent's economic architecture, the interplay between it and other global initiatives and partnerships with the aim of fostering accountability and transparency at all levels and all interactions.

AFRODAD has sought to influence and channel the discussions of the continent around Africa's response to the global crisis. This has been done through the various thematic areas identified under the current strategic plan which locates debt, aid and economic governance as the key pillars of AFRODAD's work. Broadly

¹ The Social Impact of the Global Financial Crisis on the SADC Region, Economic Justice Network 2009.

speaking, AFRODAD has sought to influence policy content and actions on how the international community has responded to the crisis with regard to Africa. Our efforts have been focused both at regional and at international level. At regional level AFRODAD has partnered with Action Aid International to consolidate the Africa CSO position on the crisis as it relates to Africa. The focus has been on, *inter alia*, building analysis around foreign direct investment, ecological debt and extractive industries. At the international level we have sought to engage various stakeholders including the World Bank, the International Monetary Fund and United Nations to raise the level of awareness on the need for a faster and deeper support to the continent in key sectors including the social sector. We have also engaged ourselves with various initiatives that the sought to develop new mechanisms and instruments that could protect Africa from further falling back into a new wave of the debt crisis.

The first half of 2009 saw AFRODAD beginning operations in a new framework that moved away from the departmental approach, to a restructured thematic portfolio focus i.e. Debt, Fair and Transparency Arbitration, Economic Governance and Aid. Implementation of the plan however was hampered because of staff turnover which hit the organisation in the course of the year, causing serious gaps in institutional memory. The staff turnover was caused by both external and internal reasons: Zimbabwe, the host country was going through probably the harshest recorded economic and political crisis which made staff move in search of better working conditions/environment elsewhere; internal in the sense that there was restructuring taking place in the organisation which caused uncertainty and job insecurity. The first half of the year saw the departure of the Executive Director, Research and Policy Analysis Director and also the Lobby and Advocacy Director, leaving the organisation with a very lean programme team. Work therefore had to be distributed to the remaining Programme Officers. The research portfolio was the hardest hit, leading to a backlog on key initiatives. Despite the setbacks however, there was marked progress in the work that was implemented on the prioritised initiatives, particularly in the last quarter of the year when the new Executive Director and Policy Advisor came on board. Detailed reports follow under the thematic portfolios.

2. DEBT PORTFOLIO

The key objectives of this program are to contribute to finding sustainable solutions to Africa's debt crises, and to contribute to aversion of future debt crises. During 2009, the activities planned were research, lobby and advocacy related to Loan Contraction processes and Debt Management in African countries, Domestic Debt, Ecological Debt, Emerging Lenders (BRIC) and African Debt Profiles.

2.1 Domestic Debt

Given the importance of domestic financing through domestic debt in many countries, the global financial crisis, drying up of concessional lending, and fall in commodity prices, there is a need to manage domestic debt to avoid problems of default and promote domestic development financing.

AFRODAD planned to commission studies in five countries namely Ghana, Kenya, Malawi, Senegal and Zambia on the magnitude and impact of domestic debt and the policy framework. National validation workshops were also planned for the year.

2.1.1 Activities and Outputs

In 2009, AFRODAD commissioned studies in three countries namely Malawi, Senegal and Zambia, against the five-country plan which included Ghana and Kenya. The purpose of the research was to generate evidence for use in lobbying and advocating for effective and strengthened domestic debt management by African governments. The studies focussed on the linkage between domestic debt and development financing, regulatory and institutional framework and the role of key stakeholders in managing domestic debt.

Studies for Malawi, Zambia and Senegal were completed. However the validation conferences were not conducted due to the late completion of the studies. These will be done in 2010. Researches for Kenya and Ghana have been carried forward to 2010 including the validation exercise.

2.1.2 Achievements and Outcomes

Research on Domestic debt is spread over a programme cycle of 2009 – 2011 and in the second year we have managed to complete three country cases of the projected five in Zambia, Senegal and Malawi.

The completed country researches brought out in-depth analysis of country cases' domestic debt through the lenses of economic development, monetary policy stabilization and debt sustainability; exposed the regulatory and institutional framework inherent in the domestic debt management and how they affect national debt strategy; and gave recommendations on appropriate measures in addressing domestic debt burden in the countries under study;

We enhanced our networking through the collaboration we had with country affiliates in the implementation of the research.

Furthermore, anecdotal progress shows some questioning by affiliate organisations in Zambia and Senegal of the current regulatory and institutional framework of domestic debt in their countries. It is expected that the validation exercise that is now deferred to 2010 will expand this questioning and engagement with decision makers.

2.1.3 Challenges and lessons learned

Time constraints and identification of quality researchers were the biggest challenges faced in the programme. These were exacerbated by the institutional challenges highlighted in the introduction. Research work started late in June 2009 and gained momentum only in the last quarter of the year when the new Executive Director and Policy Advisor came on board. It was difficult to identify suitable researchers in Kenya and Ghana, largely due to the direct sourcing of the consultant and insufficient coordination with our partner organisations.

We need to deepen our engagement with national affiliates right from the inception of the programme till the end and involve them in identification of the consultants. In addition, AFRODAD needs to have a well coordinated programme management and information system that is able to track progress against plans.

2.2 Debt Profiles

Debt profiling is an important means of sketching the continent's debt statistics as well as providing disaggregated analysis of the debt figures against the social economic indicators like population, spending on education, health, GDP growth rate, people living on less than US\$1 a day and access to safe water. Profiling also provides policy makers and civil society organizations with statistical information to monitor the evolution of the debt situation in their countries and that of other countries in Africa.

In 2009, AFRODAD planned to update 44 country profiles.

2.2.1 Activities and outputs

We managed to update all the planned 44 country debt profiles. The profiles unveil internal political, social and economic analysis of countries in respect to their debt status, and provide comparative analysis of data between different countries and regions.

The findings show that 12 of the countries studied are at low risk of debt distress, 8 countries at moderate risk, and 7 countries are at high risk. 6 countries are in debt distress and these are Togo, Liberia, Guinea Bissau, Guinea, Zimbabwe, and the DRC, while 10 countries namely Botswana, South Africa, Mauritania, Somalia, Sudan, Equatorial Guinea, Morocco, Algeria, Tunisia, Egypt are classified as not eligible for the poverty reduction growth facility.

The profiles were filed on the AFRODAD website and are meant to provide demystified information to citizens, civil society organizations, policy makers and academics on the statistics of the debt these countries owe to creditors. In addition, each AFRODA's bimonthly newsletter carries a country debt profile.

2.2.2 Achievements and outcomes

In our planning we had targeted uploading the profiles on our webpage and this was done. It was also planned that the profiles would be discussed with the respective affiliate organisations for engagement with their governments as they explore solutions for debt relief. We have not been able to hold national level discussions as planned. However, we have received responses through our website from academics and parliamentarians seeking further clarifications on issues raised in the profiles especially the HIPC process.

An estimated 700-plus readers have viewed and accessed our profiles on our webpage and we continue to popularize the profiles on our bi-monthly newsletter which is distributed over a wide coverage of people.

It is our hope that the profiles provide the basis and rationale behind the campaign for the cancellation of odious and illegitimate debts.

2.2.3 Challenges and Lessons learned

A number of challenges were faced in data compilation. Country information from different sources had discrepancies. Some data sources with the relevant information did not authorize AFRODAD to access their data. Some countries provided their statistics with their local currencies and shifting exchange rates introduced

complications. In addition most countries do not have official figures of their economies and we had to rely on information from the Africa Development Bank.

As a way forward, we will be popularising the current debt profiles in conjunction with the national member organisations, since in most countries this type of information has been a privilege of the elites in the Ministry of Finance and Central Bank, yet debt issues affect the whole populace in any country.

2.3 Ecological debt

This project, aimed at exploring the origins of ecological debt and its relationship to financial debt, has generated research to fill the information gap. Current discourse on the subject asserts that exploitation of the global South by the North has put the South in the position of creditor, given the exploitation of peoples, space and resources. The debate is gaining importance due to the increasing impact of climate change on food production and security.

The main objective of the project is to provide research analysis that will lead to formulation of a new global framework of economic development that will address ecological costs of resource extraction, in this way highlighting weaknesses of prevailing governance frameworks. The research was designed to develop case studies that focus on definition of ecological debt, relationship between aid and investment in extractive industries, and impact of climate change.

2.3.1 Activities and outputs

AFRODAD, in collaboration with ActionAid, commissioned studies on ecological debt in Cameroon, Zambia, DRC and Nigeria in 2008 and planned to be finalized in early 2009.

A regional meeting was held in December 2009 to deepen the understanding of ecological debt and share knowledge and plans with partners. This meeting was held in collaboration with the Economic Justice Network (EJN). The main stakeholders at the meeting were the Norwegian Church Aid (NCA), IDASA, Council of Churches in Zambia, NCA Tanzania, the Bench Marks Foundation, ESSET, NCA Zambia, EJN and AFRODAD.

2.3.2. Achievements and outcomes

Very little was achieved in 2009 on the research side, as the research was halted due to unavailability of responsible staff. To date, ecological debt is a topic which still needs to have conceptual clarity and framework developed.

2.3.3. Challenges and lessons learnt

AFRODAD lost many senior staff in 2009 resulting in the project lacking coordinators for the majority of the months. In addition, information management and handovers were a problem. When the FK exchange participant came on board, she found it difficult to access project documents and the absence of Policy Advisor meant she lacked direction. The Policy Advisor joined AFRODAD only in December 2009.

Much as it is difficult to prevent people from leaving the organisation, handovers are a necessity and good information management system is a must. In 2010, AFRODAD will have to invest and prioritise management information system.

2.4 Fair and Transparent Arbitration (FTA)

AFRODAD is continuously advocating at the international level for the establishment of a Fair and Transparent Arbitration mechanism on debt under the auspices of the United Nations. The reasoning behind this advocacy is a need to explode the myth that there has been a remarkable debt reduction through the ongoing debt relief initiatives.

The engagement of the Enhanced Highly Indebted Poor Countries Initiative (HIPC) 1999 and the Multilateral Debt Relief Initiative (MDRI) 2005 processes are still overshadowed by an increase of debt and the lingering fear that even the countries that have benefited, albeit marginally, still face the risk of slipping back to debt since the fundamentals that make up the crisis have not changed and in some instances have increased.

Under the Multilateral Debt Relief Initiative (MDRI) for Africa, only US\$ 40 billion out of US\$330 billion has been cancelled. Middle Income countries have been excluded, and illegitimate and odious debts have been conveniently left out. There must be a fair and transparent arbitration process that is modelled away from the current frameworks where the creditors are both "judge and jury".

2.4.1 Activities and Outputs

In 2009 AFRODAD embarked on a number of FTA campaign activities. The year provided a number of important platforms such as international debt events where the FTA campaign was tabled and discussed. The main objective was to ensure wider support and increased understanding of debt arbitration issues among civil society and debtor governments as a sustainable way of dealing with the debt crisis. These international events included the following: the Social Forums, debt conferences and seminars and an FTA International Conference hosted by AFRODAD in March 2009.

At the 2009 World Social Forum (WSF) that took place in Brazil in early 2009, debt arbitration was one of the issues AFRODAD pursued through interactions with various debt campaigners and organisations. Seminars and presentations on debt were hosted under the joint auspices of the Jubilee movements, LATINDAD, EURODAD and AFRODAD. These centred on what organizations were doing, given the current implementation of the Multilateral Debt Relief Initiative (MDRI). AFRODAD spoke on debt arbitration as an alternative to both the HIPC and MDRI processes. Among the debt movements' preoccupying activities, were debt audits, research and advocacy campaigns related to illegitimate and odious debts. One clear outcome was interest among movements to link our campaigns, built synergies and continue pushing for total debt cancellation. EURODAD and LATINDAD promised to work with AFRODAD in 2010 as they relaunch their work on debt-work out mechanisms.

Another major event hosted by AFRODAD in collaboration with the South African-based Economic Justice Network (EJN), was the International Conference on Fair and Transparent Arbitration

Mechanism (FTA) on Illegitimate and Odious Debts, in March 2009, in Johannesburg, South Africa. The overall objective of the conference was to provide a platform to deliberate on the challenges of implementing debt arbitration. The conference came at a time when many organizations, networks and global citizens are deeply concerned with the continued failure of creditor-initiated debt relief initiatives under the Paris Club, HIPC and enhanced HIPC, and most recently MDRI, to secure total debt crisis exit for most developing countries. The conference mandated constitution of a Global taskforce to push for debt arbitration at national, regional and international levels, and AFRODAD was mandated to take a lead in the FTA campaign with the full support of the debt movements.

AFRODAD was invited to participate in various global forums and conferences, notably the Expert Workshop on "Beyond HIPC: Debt Relief and International Debt Management in the Context of the Present Financial Crisis" (Cologne, Germany) the South-North Conference on Sovereign, Democratic and Responsible Finance (Rome, Italy), and the United Nations Conference on the World Financial and Economic Crisis and its Impact on Development (New York USA). AFRODAD also took part in an FTA Workshop for Civil Society Organizations in Central Africa (Douala, Cameroon). During this workshop CSOs committed to carry out sensitization campaigns for CSOs in the region on the FTA mechanism through the use of the media and creation of a network so as to get CSOs in the region acquainted with the mechanism. They also committed to encourage governments participation in CSOs organized workshops on FTA. Most importantly, the civil society organizations established a list-serve of participants as a first step towards creating a network.

In the last quarter of 2009 AFRODAD commissioned and produced a synthesis report of 10 dossiers/case claims. The report critically analyses the illegitimacy framework and points out the major elements of this framework in building up a case for arbitration/legal action, and proffers how civil society can initiate requests for arbitration on sovereign debts and what steps and procedures need to be followed when submitting the case claims to the African Union and the United Nations for arbitration.

2.4.2 Achievements and Outcomes

As a result of the implementation of the activities narrated above some achievements were noted. AFRODAD was invited to participate and present papers in various high global fora notably the United Nations Conference on the World Financial and Economic Crisis and its Impact on Development (New York USA). The growing recognition by international institutions of AFRODAD as an authority on debt issues in the region is a huge achievement. Although this has been built since inception in 1996, 2009 was the pick year in terms of recognition given what the world was going through - World financial and economic crises.

During the World Social Forum (WSF) 2009 AFRODAD got the reassurance and commitment by international debt movements on debt arbitration. We made sure that Debt arbitration remained on the international agenda of debt movements. Partners like EURODAD and LATINDAD prioritized the issue in their 2010 plans. Seminars on debt attracted many participants ensuring a wider support and increased understanding of debt arbitration issues among civil society.

The FTA conference in March 2009 was a huge success. The overall objective of the conference was to provide a platform to deliberate on the challenges of implementing debt arbitration. The conference

attracted participants from across the globe. There were legal experts on debt, debt activists, and parliamentarians. Dr. Cephas Lumina, the Independent Expert of the United Nations Human Rights Council on the effects of foreign debt & other related financial obligations of States on the full enjoyment of human rights, particularly economic, social & cultural rights was the notable speaker who addressed the conference as well.

One notable outcome of the conference was a shared strategy and commitment among debt campaigners to take forward the issue of debt arbitration. A Global taskforce was given a green light to be constituted and mandated to push for debt arbitration at national, regional and international levels. Participants gained a better understanding of arbitration as a mechanism to solve the debt crisis, its legal standing and political standing and how it will benefit the indebted countries and their people. All Southern and Northern debt groups in attendance gave their positions on the debt arbitration and it was interesting to note that the divergent views that existed among debt campaigners on the issue of debt arbitration were consolidated. AFRODAD was mandated to take a lead in the FTA campaign with the full support of the debt movements.

In July 2009, UNCTAD launched an initiative aimed at promoting responsible sovereign lending and borrowing. □The purpose of the initiative is to provide a forum for debate among governments and other stakeholders on this important issue which has been hotly debated among NGOs and academics over the last ten years. □In its first phase the objective of the project is to draft a set of guidelines for what should be considered responsible sovereign lending and borrowing and then to seek consensus on these guidelines. □There are few such guidelines as of today and none of them are binding.

When this initiative reaches the point where a set of internationally accepted guidelines, the next step would be to study the possibility of setting up an international arbitration body/tribunal for handling debt disputes. This is welcome initiative by the UN. These processes, we are aware take time but indicate movement toward FTA at the international level due to pressure from CSOs. AFRODAD will engage actively with the UNCTAD within its consultations frameworks.

It is also encouraging to note that a bill is before the Senate and House of Representative of the United States of America in Congress assembled, calling for greater responsibility in lending and expanded cancellation of debts owed to the United States and the International Financial Institutions by low-income countries. Specifically the Bill (*Jubilee Act for Responsible Lending and Expanded Debt Cancellation of 2009*) is seeks both creditors and debtors to have the opportunity to turn to an international mechanism that seeks orderly debt workouts. Furthermore the Bill calls upon the Secretary of the USA Treasury to support the establishment of a mechanism for orderly, quick, predictable, and equitable resolutions of sovereign debt disputes under the form of an ad hoc arbitration panels, a standing insolvency court under the administration of a specialized United Nations body such as the Permanent Court on Arbitration, or similar alternatives.

On the FTA Synthesis Report on Case Claims report mentioned above, although it was produced in the last quarter of 2009, its use was limited. The report critically analyses the illegitimacy framework and points out the major elements of this framework in building up a case for arbitration/legal action, and proffers how civil society can initiate requests for arbitration on sovereign debts and what steps

and procedures need to be followed when submitting the case claims to the African Union and the United Nations for arbitration. This report is going to be used in 2010.

2.4.3 Challenges and Lessons Learned

Experience from both the Jubilee 2000 Movement and the HIPC initiatives has shown that campaigns such as FTA will require mobilisation of a critical mass of civil society and both creditor and debtor governments. Several creditor governments have signalled a new interest in the issue of a fair and efficient debt work-out procedure at the international level. Notable ones are Germany, Norway and Netherlands.

The issue is gaining new political momentum, with EURODAD, AFRODAD's northern partner, re-launching its work on FTA by setting out what it believes to be core principles for a fair and transparent sovereign debt work-out procedure at the international level. Our 2009 experience campaigning for the FTA mechanism has shown that more time and resources are needed to meet the intended objectives. Lobbying and soliciting for support for such a crucial and technical matter is a process rather than an event.

While the March 2009 conference mandated AFRODAD to constitute a Global taskforce to push for debt arbitration at national, regional and international levels, this posed a huge challenge on the secretariat in terms of implementation. Resources budgeted for this activity although secured were not released on time. Internal organisational changes in 2009 posed a big challenge on the capacity of AFRODAD to pursue international work and commitments at that level. This activity has been deferred to 2010.

A number of follow-up activities committed to by Civil Society Organizations in Central Africa after the FTA regional workshop faced implementation challenges. While CSOs committed to carry out sensitization campaigns in the region resources were limited. One lesson learnt is for AFRODAD to take the lead in following up implementation of commitments made especially in resource mobilization and physical presence in the region. Most of the CSOs on the list-serve are yet to show commitment to implementing what they promised. One big challenge of the list-serve is the language interpretation/translation. The CSOs in the region are divided into English and French speaking groups. Resources need to be mobilized to bridge the divide and ensure free flow of information.

3. DEVELOPMENT AID PORTFOLIO

The main objectives of development cooperation and development aid are to contribute to sustainable and effective aid architecture and to contribute to exit of African countries from aid dependency. AFRODAD focuses on Aid Effectiveness, Emerging Donors/Lenders and the Reality of Aid in Africa.

3.1 Activities and Outputs

The main activities undertaken in 2009 were (a) Publication of an aid effectiveness book, (b) a Mapping and campaign of Chinese Development Assistance in Africa and an Assessment of Chinese Development Assistance in Zambia, Mozambique and Zimbabwe, and (c) contribution to the yearly Reality of Aid report.

3.1.1 *Publication of an aid effectiveness book*

AFRODAD partnered with FAHAMU Networks for Social Justice to publish a resource book called "Aid to Africa: Redeemer or Coloniser." The book has been published.

3.1.2 *Mapping of Chinese Development Assistance in Africa and an Assessment of Chinese Development Assistance*

AFRODAD completed research in Zambia, Mozambique and Zimbabwe, in collaboration with national partners namely the Jesuit Centre for Theological Reflection (JCTR) in Zambia, Mozambique Debt Group in Mozambique and Zimbabwe Coalition on Debt and Development (ZIMCDD) in Zimbabwe. The research interrogated the extent to which Chinese aid and investments enhances or undermines development of the destination country. The Zimbabwe report was however not published as it was discovered that the consultant had plagiarised most parts of the report.

3.1.3 *Reality of Aid report*

This is an ongoing project which examines aid effectiveness at global and African levels. In 2009, AFRODAD contributed report on development cooperation and the extent to which North and South governments address extreme inequalities that entrench people in poverty.

In addition in 2009 the Reality of Aid project was expanded to include other partners working on aid into an independent network at the November Partners' Meeting held in Kenya. The new network is called the Reality of Aid Africa and is hosted by Kendren in Kenya.

3.2 Achievements and Outcomes

The "Aid to Africa: Redeemer or Coloniser" book has become a resource for partner organisations, students and decision makers working on China. By end of December, over 250 books had been demanded and distributed to partners, government offices and academic institutions.

The research on Chinese aid and investments highlighted both positive and negative trends and these became the basis of debate at national consultations in Zambia and Mozambique as evidenced in the increased coverage in the electronic and print media following the national consultations and the regional consultation that was held in November in Mozambique. AFRODAD and partners are now informed of the details of Chinese aid and investment and these are being used as we develop an advocacy plan and strategy on China. The plan will be implemented from 2010.

2009
Annual
Narrative
Report

3.3 Challenges and lessons Learned

The main challenge for the Development Aid portfolio was staffing and lack of oversight on the part of AFRODAD to coordinate the activities being implemented by national partners. Much as there was agreement between AFRODAD and the Mozambique Debt Group to implement a campaign on China in Mozambique, no clear accountabilities were agreed, and this resulted in AFRODAD not having influence on content and process of the campaign, including getting the campaign report as expected. In addition, much as the Chinese authorities in country were consulted during the data collection phase, they were not involved in the validation and discussions of the research findings. This was a serious oversight. For AFRODAD to make an impact, it is important to have the concerned representatives involved for clarity but also to begin conveying the messages coming from the research findings.

4. ECONOMIC GOVERNANCE PORTFOLIO

AFRODAD has for many years been at the forefront of civil society advocacy around innovative financial mechanisms to finance development projects in Africa. The work continues to focus on the continents' economic architecture, the interplay with other global initiatives and partnerships with the aim of fostering accountability and transparency at all levels. In addition to contributing to accountable and inclusive economic governance in Africa, the project aims to strengthen the capacity of CSOs to engage in democratic economic governance advocacy.

During 2009 AFRODAD trained civil society organisations in macro economics in Central Africa; conducted evaluation of the macroeconomic course; contributed a chapter in the Tax Us if You Can Tax Manual; and also conducted research on Extractive Industries.

4.1 Macroeconomic Training

AFRODAD organised macroeconomic training to civil society representatives from Central Africa in Doula, Cameroon. The training equipped CSOs with basic understanding of how economies function, how IFIs influence development and how to engage governments through policy and lobbying.

4.2 Evaluation of the Macroeconomics Course

In 2009 AFRODAD commissioned an external evaluation of the macroeconomics course after three years (2006-2009) of implementation.

One of the key recommendations was the introduction of a training of trainers' programme, which would target network secretariats in the various countries, who in turn would train local CBOs and NGOs. The report recommended the need to include government officials and members of parliament. There is need for government officials to understand civil society. Government officials should be involved to get their buy in into CSO initiatives.

4.3 Tax Justice Project

AFRODAD is member of the steering committee of the Tax Justice Network - Africa (TJN-A), a pan African initiative of the international Tax Justice Network. TJN-A has secretariat in Nairobi, Kenya. Other members include Econews, ISODEC and Jubilee South.

In 2009, AFRODAD was part of the team that wrote the Tax Us if You Can (TUIYC) manual. Specifically, AFRODAD wrote the chapter on Transfer Pricing. The manual demystifies issues of taxation and provides case studies to aid tax advocacy and lobbying my civil society organisations. The manual will be finalised in 2010.

The tax justice project aims at empowering civil society to oppose loopholes and distortions in tax, to promote tax compliance and oppose tax evasion and avoidance. The ultimate goal is to help governments of developing countries to share successful tax practices and build internal mechanisms to mobilise their own resources for development.

4.4 Extractive Industries

AFRODAD had commissioned studies on extractive industries in Ghana, Uganda and Zambia in 2008. It was planned that the studies would be completed in 2009. However only the studies for Ghana and Uganda were finalized and the Zambia report was found to be of poor quality.

The completed studies were discussed with partners at a conference jointly organized with the Economic Justice Network and attended by representatives from the Norwegian Church Aid (NCA), IDASA, the Council of Churches in Zambia, NCA Tanzania, EJN, the Bench Marks Foundation, ESSET, NCA Zambia and AFRODAD.

The completion and subsequent discussion of the studies for Ghana and Uganda was an achievement and acted as capacity building source for AFRODAD partners and also led to joint planning for 2010 and beyond. We have learned much from the two studies so that the Zambia study and others will be focused. In addition, following the discussions, partners are ready to engage extractive industries further.

4.5 Challenges and Lessons Learned

Most of the projects under the economic governance portfolio are implemented in direct partnership with national and international organisations. Much as this gives AFRODAD a stronger voice and visibility, it also poses challenges of quality control as there is a limit to which AFRODAD secretariat can influence the operations of the partner organisations. We have learned from experience that we need to have clear terms of reference and memorandum of understanding with the partners, with clear accountabilities on each side, in order for us to maintain the ambitions of the programme objectives.

In addition, the unreliable technology in Zimbabwe has hampered effective participation and contribution by AFRODAD to the networks. Telephones and internet in the AFRODAD host country has, and continues to be, a challenge. The communications department is looking at options available for us.

5. INFORMATION AND COMMUNICATION

5.1 Resource Centre Development

The development of the physical Resource Centre was completed in May. The set up started with the acquisition of bookshelves, catalogue cabinets, filing cabinets, desktop computer with printer, a library software, box files, desk and chairs, internet connectivity, photocopier, periodical rack, and catalogue cards. A special classification, cataloguing, database design and data entry were done. A manual of the library programme was developed. As of December 2009 the resource centre is merely physical and can be utilised by AFRODAD staff, journalists, students, academics etc who are in proximity to the premises. The major aim is to make available all AFRODAD publications (printed and electronic) on a database accessible to key stakeholders, i.e. AFRODAD network, partners, staff, other CSOs and governments.

5.2 New Website

The AFRODAD website continues to be important for information dissemination. The last six months has seen the redesign of the site in line with the restructuring. The website now shows the different thematic portfolios and projects. There have been timely updates, keeping up with current news and campaigns worldwide. Feature stories, publications, and civil society statements are posted to the website. The posted articles have attracted many viewers shown through the number of hits which averaged 700 in December 2009, proving that our work has outreach.

There were challenges related to the completion of the website as the Communications Officer, Mandla Hadebe, left for the Economic Justice Network in May as part of the Fredskorpset Exchange Programme. AFRODAD received its participant, Ingrid Naess-Holm from the Norwegian Church Aid, only in mid October. During this period there were various staff movements within the organization which left no one to look after the communication work as their main priority. With the arrival of both a new Executive Director and a new Communications Officer from in October, AFRODAD activities also markedly picked up and effort has been made to uplift also other sides of the communication portfolio described below.

The remaining challenge has been the external infrastructure and service providers which have fallen victim to the global recession and the turbulent economic environment faced by the country. Reliable service providers, particularly in the IT sector, have left the country in droves, leaving behind a significant capacity gap. As a result of this, the website had to be redesigned several times before it reached a satisfactory standard. There was also a lot of down time throughout the organization as we faced a severe threat of viruses and general breakdown in the smooth operation of our computers.

When the website design was finally completed, our hosting service provider was unable to load the site as they were subject to an attack which they were unable to resolve immediately. Consequently the AFRODAD website was off the internet for a longer period than planned, unsettling internal and external stakeholders. Fortunately, normal operation of the website has been resumed and the access improved.

When the problems occurred, the site was hosted overseas in Canada, but after experiencing the challenges, measures were taken to avoid this in the future. Through the same service provider, the website will now be hosted both overseas and domestically in Zimbabwe to minimize the risk of being down.

5.3 Newsletter

As a further step to communicating with members and stakeholders, AFRODAD publishes its electronic newsletter 'Debt and Development in Africa', now bimonthly. This is important as AFRODAD is an organization consisting of member organizations all over Africa. As the organization settles after its restructuring, the renewed energy to tackle the world's fast unfolding events will be captured and analysed and disseminated through the website and an email list.

5.4 Media

It is crucial that AFRODAD's work reaches decision makers in order to have impact on policies made. As a means to this end, the use of media is important. As AFRODAD often works together with member organizations in the latter's context, the media work will naturally be a mixed effort between AFRODAD and the local partners.

5.5 ICT Policy

AFRODAD has grown from a relatively small organization using basic methods of communication to reach its membership and stakeholders, to a medium-sized and highly technical organization. This has necessitated significant expenditure on Information and Communication Technologies, particularly IT hardware as the organisation tries to keep abreast with world-wide information and communications trends. As AFRODAD is geographically located in a country with relatively low informational technological capabilities this has presented some challenges as our stakeholders have access to more technical services and we have to strive to keep up with them. Importantly, technologies of this nature need to be updated constantly and AFRODAD has had to rely on external experts in that field, with varying degrees of success.

In order to keep track of its machinery and tools, AFRODAD has drafted an internal ICT Policy which has been circulated to all staff for further input and discussion. The policy relates largely to how hardware will be procured, stored, used, maintained and disposed of once derelict or in need of replacement.

6. INSTITUTIONAL DEVELOPMENT AND ADMINISTRATION

6.1 Staffing

2009 saw the highest staff turnover in the organization caused by both exogenous and endogenous reasons. On the exogenous part, the host country Zimbabwe was experiencing the harshest recorded political and economic crisis, and this directly affected the welfare of the staff. In response

to the situation, the Board of Directors of AFRODAD decided to restructure and decentralise the organisation to other countries to reduce the impact of the negative political and economic environment in the host country. This decision was not effected and this uncertainty did not guarantee the jobs that the then existing staff had. Endogenous were reasons of restructuring of the secretariat to respond to the changing realities.

The Executive Director, Charles Mutasa, bade farewell to AFRODAD beginning of April after working for the Organisation for 8 years. Charles' hard work and dedication is acknowledged for driving AFRODAD towards excellence as a leading African institute. The former Programme Director Finance and Administration Mrs Joyce Chikuni, was appointed Acting Executive Director whilst a replacement was being sought. The Research and Policy Analysis Director Nancy Dubosse left the organisation in February, while the Bookkeeper, Charles Karimupfumbi also moved on end of March. The Bookkeeper was immediately replaced by John Muchenje, and a new Accountant, Sandra Chiruka, came on board in April 2009. The Lobby and Advocacy Director, Vitalis Meja, left in June 2009. The positions of the Lobby and Advocacy Director and that of Research and Policy Analysis Director were not filled, as they were phased out as part of restructuring and replaced by positions of Policy Advisors which took long to fill. These developments left the organisation with a very lean programme team and work had to be distributed to the remaining Programme Officers. Special mention goes to Tirivangani Mutazu (Programme Officer FTA), Fiona Chipunza (Programme Officer Economic Governance/ Development Aid) and Taurai Chiraerae (Research Assistant) for their sterling efforts in keeping the programme work going under challenging conditions. All these officers are still with AFRODAD.

The Executive Director position was finally filled on the 1st of October by Ms Jennifer Chiriga who brought a wealth of expertise and experience from her past engagements in development work, specifically around issues of socio-economic development in Africa in particular the Southern Africa region. Dr. Fanwell Kenala Bokosi joined AFRODAD in December 2009 as Policy Advisor: Economic Governance and Development Aid. Dr. Fanwell Bokosi was with Save the Children United Kingdom in London, where he was a Researcher and Project Manager. He also brought with him his developmental work experience from a number of NGOs he worked for in the Southern Africa region. The recruitment of Policy Advisors for Debt portfolio and Fair and Transparency Arbitration, is still in progress. Although by year end we were unable to fill in these two positions as yet, some interviews had been carried out, and it is hoped that by February 2010 at least one more senior Policy Advisor position will be filled. One of the urgent activities lined up for 2010 is to ensure that all 3 positions are filled before the end of the first quarter.

6.2 Staff Exchange Programme

Since January 2006, AFRODAD and Norwegian Church Aid (NCA) have been engaged in a staff exchange programme which is meant to build capacity and exchange experiences. The exchange is funded by the Norwegian Peace Corps, Fredskorpset (FK). This year marks the third round of exchange. During the first half of the year AFRODAD sought to improve the quality of the exchange program over the last two years. In this regard areas of focus, definition of projects of engagement and identification of both individual, organizational and network's expected outcome became the areas of concentration. A supervisor has also been allocated to the participant to ensure sufficient follow up. In addition, while the first round was a bilateral exchange, the last two have been of multilateral character. The present round of exchange which is focused on the work of extractive industries and ecological debt, involves NCA, IDASA, NCA Tanzania, Council of Churches in Zambia, EJN, AFRODAD.

In this round, AFRODAD has sent the Information and Communications Officer, Mandla Hadebe, to the Economic Justice Network in Cape Town to help strengthen the partnership and build the capacity of EJN. In return we have received an FK participant who will work in the areas of Ecological Debt and Extractive Industries in addition to communication. The participant, Ingrid Naess-Holm, is from Norwegian Church Aid, and came to AFRODAD on the 12th of October. Since Naess-Holm came to AFRODAD, she has continued the work of developing the website, work which was started earlier in the year. In addition she has revived the practice of producing an AFRODAD Newsletter, this time with a new design. These and other related activities can be found in related sections of this report.

6.3 Board restructuring

AFRODAD brought on board new board members, namely Prof. Edward Kakonge (Uganda), Dr. Mwilola Imakando (Zambia), Barbara Kalima-Phiri (Zambia) and Dr. Marta Cumbi (Mozambique). These three members replaced Neville Gabriel, Rebecca Muna and Reverend David Ugolor whose terms come to an end in 2008. Prof. Edward Oyugi, Georgine Kengne and Opa Kapijimpanga remained on the Board to ensure continuity. The latter has expressed interest to exit the board having served it for six years and the process will be finalised in 2010. A combined Board/Staff retreat was shelved for 2010 when we have a full staff complement on board.

6.4 Procurement of Assets and Infrastructure Development

A number of assets were acquired in the course of the year. These were a printer/copier for the Executive Director's office, a network printer, a heavy duty centralized photocopier, two laptops for the communications department and the programme work respectively. Two new desktop computers were procured for the Administrator, and the Executive Director, and an office desk was purchased for the new Accountant. A new refrigerator was bought for the office after the old one proved too expensive to repair. We also purchased a TV stand for the organisation's TV housed in the Board room. As way of safeguarding AFRODAD's assets from burglary camera systems were installed in every office and the alarm system was also revived.

6.5 HIV/AIDS in the Workplace/Medical Aid Coverage

AFRODAD received financial support on HIV/Aids from one of its funding partners Oxfam Novib. AFRODAD in turn extended its support to some of its affiliate networks by giving financial assistance to draft a customized HIV /AIDS policy for their organization with technical support from an HIV/AIDS organization based here in Harare, Zimbabwe - the Zimbabwe Prevention and Support Organisation (ZAPSO). Five partners had been targeted, and so far three have participated - AFRODAD, ZIMCDD and Kendren. Zimcodd developed their own HIV/AIDS policy with the help of ZAPSO. Kendren (Kenya Debt Network) also drafted a similar policy.

Besides drafting of a policy, sensitisation workshops were conducted for affiliates' secretariats on the HIV/AIDS pandemic. The context is that AFRODAD recognises the threat posed by HIV/AIDS to both the health of employees and the interests of the organisation. The purpose of this policy therefore is to ensure equitable and consistent approaches in the provision of HIV and AIDS prevention, mitigation, care and support services to the employees of AFRODAD and their immediate dependents. These policies were developed and were implemented in consultation with employees at all levels.

6.6 Annual and semi-annual Auditing and Evaluations

The 2008 external audit was conducted and completed in March 2009. Audited financial statements together with the 2008 annual report and 2009 annual plans were produced and circulated to funding partners in April 2009. A half year audit for the EED funded projects was carried out in July 2009 and a report was sent to EED on 14 September 2009.

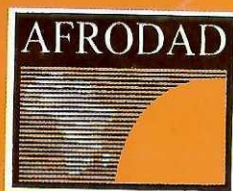
6.7 Internal Policy Development of Finance & Information Technology Manual

Drafts were developed and circulated to staff for comments. These will now be handed over to the board for comments and subsequent approval in March/April 2010 Board Meeting.

6.8 Finances

Institutional funding has remained at the same level while the staff complement has been growing to meet demand on our work. The result is that some planned administration activities e.g. staff retreat and refurbishment of the office buildings were not done as the salaries take up much of the institutional funding. The tax burden for 2008 was more visible because the institutional funding basket itself was small hence there was no lee way to fund that unexpected expense. Some of AFRODAD's partners supported the organisation with funds to cover the tax burden. The strategy in place is to increase the portfolio of institutional funders and to build in staff costs into project budgets.

In 2009, AFRODAD's income was US\$ 970,667. This was 18% lower than income of 2008. Of the income received, US\$ 807,921 was expended, representing 83% of the income. AFRODAD therefore carried forward US\$ 162,746 into the year 2010. The PriceWaterHouseCoopers conducted external audit of AFRODAD's finances for the year ending 2009 and confirmed AFRODAD finances to be sound and in accordance with international accounting procedures and standards.



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