

# Reclaim UNCTAD to Uphold Africa's Structural Economic Transformation

## An African Civil Society Call to Governments at UNCTAD 14<sup>1</sup>

June 2016

Governments at the 14<sup>th</sup> session of the United Nations Conference on Trade and Development (UNCTAD 14) must rise up to the fundamental challenge of equitable development in and for Africa within the global order. This intergovernmental forum, to be held in Nairobi, Kenya in July 2016, must clearly call for global economic institutions to bolster initiatives by Africa's peoples and their governments towards Africa's structural economic transformation.

These are challenging times in the global political economy. The ramifications of the 2008 global financial and economic crisis, the worst in the post-war period, still haunt the world. Economic performance remains sluggish in all regions, further reducing opportunities for addressing the material needs of the vast and growing majorities of the poor and vulnerable. The phenomenal levels of inequality among and within nations, linked to the very types of economic activity that led to the crisis, have grown even sharper in its aftermath and through the inequitable measures adopted by many governments in response to the crisis. Added to this is climate change, arising from global systems of production and patterns of consumption, which threatens the very survival of humanity. Here too, it is poor and vulnerable societies – least responsible for climate change and least able to cope – that are suffering the worst effects of climate change.

These global challenges evidence the dynamics at the very core of the international economic system, and of the global order and policy regimes built thereupon. They also highlight the fundamental constraints to equitable economic development across the world. In Africa, they have exposed the limited nature and shaky foundations of recent economic progress – based largely on rising prices of global demand for primary commodity export – and the related “Africa Rising” optimism.

Three decades of neo-liberal policies have served to reinforce the structures that Africa's economies inherited from colonialism: dependence on the export of (a narrow basket of hardly processed) primary commodities, with little or no domestic manufacturing industrial capacity, and the stagnation of the rural economy. African economies thereby remain vulnerable to external shocks while internally, unremitting rural collapse continues to drive levels of urbanisation unrelated to the expansion of economic opportunity and/or investment in social and economic infrastructure.

For the majorities of the people, especially the marginalised groups, this has meant joblessness, precarious and degraded livelihoods, and diminished opportunities for self-fulfilment. At the same time fabulous wealth continues to concentrate in the hands of narrow circles of national elites and global corporate forces who together dominate political processes and exercise control over economic resources. These extremes of inequality have exacerbated pre-existing inequities and inequalities, including along the lines of class, gender, race, age, ethnic formations, and other status; played havoc with bonds of social solidarity within and across national boundaries; and have driven conflict-laden tensions to the fore of societal interactions.

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<sup>1</sup> This call was prepared by the following organizations: Third World Network-Africa, Tax Justice Network-Africa, Regions Refocus, Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI), African Women's Development and Communication Network (FEMNET), Economic Justice Network of the Fellowship of Christian Councils in Southern Africa (FOCCISA), and African CSOs Coalition on African Development Bank.

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In the face of these, and in response to growing concerns among their peoples, African governments have, with a greater sense of urgency, spearheaded collective initiatives aimed at the structural economic transformation of their countries and their continent: towards improved investment in agriculture and the rural economy; more domestic processing of the export commodities; rebuilding domestic manufacture, developing their industrial and services sectors; and enhancing overall domestic productive capabilities. These engines of structural economic transformation are required to create decent jobs, increase incomes and other means of livelihood, improve living conditions, recognize, reduce and redistribute the burden of unpaid care work shouldered by women, and overcome poverty in Africa.

African governments have set long-term visions to reinforce the imperatives of structural transformation: the African Union's Agenda 2063, and sectoral and cross-cutting continent-wide frameworks: the Comprehensive African Agricultural Development Programme (CAADP); the African Mining Vision (AMV); the decision to fast-track the establishment of Continental Free Trade Area (CFTA); and the Report of the High Level Panel on Illicit Financial Flows from Africa (adopted by African Heads of State).

These initiatives and policy frameworks can be strengthened, their internal coherence and alignment with each other improved. Above all, the external conditions for their realisation can be greatly enhanced by ensuring that commitments undertaken by African governments in international agreements are coherent with the imperatives of these measures, and that African governments retain the policy space necessary for their realisation.

#### *Why UNCTAD Matters for Africa's Structural Economic Transformation*

UNCTAD provides a critical institutional framework and a unique forum for taking up the challenges of equitable development, thanks to its make-up and orientation, its rich history of policy interventions on behalf of African and other developing countries, and the abiding relevance of the issues for which it was founded.

The organisation's foundational vision is as critical today as 50 years ago, when it was established as a platform for thinking and action on broad issues of trade and development explicitly formulated around the challenges and perspectives of the vulnerable and marginalised majority of nations within the international system.

The specific developmental challenges which UNCTAD sought to address are still here with us, and in the case of Africa have become more acute. These are the challenges posed by the structural imbalances of the global order characterised at one pole by a concentration of highly industrialised economies, and at the other pole, by a mass of primary commodity export dependent economies feeding the needs of the industrial economies. This structure produces immense prosperity for some, while generating poverty and constraining the economic well-being for vast majorities in the developing world.

Especially valid for Africa is the agenda which has formed UNCTAD's work: to promote industrialisation for countries emerging from colonialism, and thus to address the primary commodity export dependent economic structures; to counter-balance the so-called free-play of economic forces and their effects on the developing economies; and to ensure different treatment and obligations for structurally different types of economies.

Above all, the values, understandings, principles, perspectives and outcomes accumulated through 50 years of UNCTAD initiatives form the critical point of departure upon which to build UNCTAD's work for the coming period – to enable the organisation to support African and other developing countries to meet the challenges of today.

Paradoxically, however, the advanced industrial countries seek the exact opposite agenda for UNCTAD's future. As is clear from the positions they have taken in the negotiations towards UNCTAD 14 – which will determine UNCTAD's work mandate for the next four years – these countries continue with their project to curtail UNCTAD's ability to provide independent and critical policy perspectives. If they succeed, UNCTAD will be undermined in its role of providing the much-needed corrective and balance to the chorus of positions that usually emanate from dominant players like the World Bank, IMF, the WTO, the OECD, and the like.

Instead, UNCTAD will end up as a pale reflection of these dominant frameworks and policies, with its task reduced essentially to supporting poorer countries of Africa and other parts of the world to implement and live within this dominant paradigm as best as they can. UNCTAD's foundational mission and role will be finally silenced at the very time when it is most needed in global affairs.

African countries, whose peoples and economies have suffered the worst results of this dominant dogma and its policy prescriptions, cannot remain indifferent to such a possible outcome of the contestation over UNCTAD's work programme and position in global economic governance.

At UNCTAD 14 – taking place on African soil – African and other developing countries must ensure, and developed countries must support, the adoption of a work mandate that:

- Provides UNCTAD with the necessary space and means to articulate the **policy requirements of Africa's structural economic transformation** and work in support of their realisation;
- Reflects the elements of the **changing global trade and development agenda** as it affects the positions and fortunes of African countries in meeting the challenges of this landscape; and
- Addresses the **specific constraints that African countries face** in meeting their development challenges.

UNCTAD must support African countries to:

- Address the negative effects of the imbalances of the **international trade regime**, including the WTO agreements, Economic Partnership Agreements, bilateral and international investment agreements, and protecting the space for policy initiatives against further encroachment.
- Adopt **financial, fiscal, and other relevant policies** that stop the net transfer of capital, illicit financial flows and other leakages of economic resources from Africa; and enable African countries to retain the investible resources generated in their economies for domestic investment and economic development.
- Adopt policies to access **technology** (through adoption, diffusion, and technology transfer) to support the development of productive capacities and domestic enterprise, and to meet the needs of sustainable development.
- Adopt **gender-sensitive** trade and development policies that **promote equitable and rights-based development**. UNCTAD's ongoing work in this regard must continue and be enhanced.

It is important above all for African countries to **reimagine UNCTAD beyond their narrow expectations** of technical assistance and capacity building, and to **reclaim the role of UNCTAD** to shape global policy frameworks that uphold developmental imperatives.