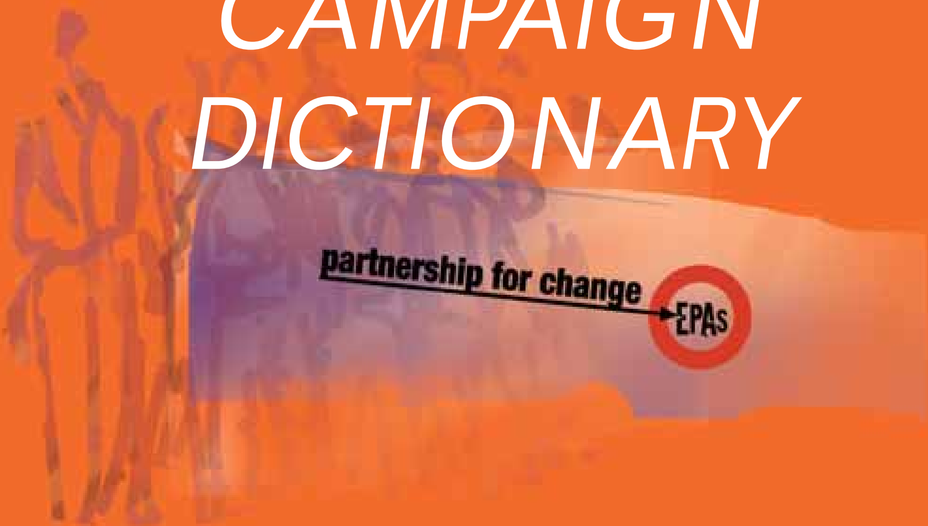
CAMPAIGN DICTIONARY



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NAZIOARTEKO LANKIDETZA ETA GARAPENARI BURUZKO IKASKETA INSTITUTUA
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CAMPAIGN DICTIONARY

Key concepts in the debate about the Economic Partnership Agreements between the EU and the ACP countries

Partnership for Change brings together a group of organizations from various European countries: Amici dei Popoli (ADP, Italy); Centro di Educazione Sanitaria e Tecnologie Appropiate Sanitarie (CESTAS, Italy); Reading International Solidarity Centre (RISC, UK); Centrum Voor Mondiaal Onderwijs (CMO, Netherlands); Instituto de Estudios sobre Desarrollo y Cooperación Internacional (HEGOA, Basque Country-Spain).

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Bilbao • Zubiria Etxea. UPV/EHU
Avda. Lehendakari Agirre, 83 • 48015 Bilbao (Basque Country-Spain)
Tel.: 34 94 601 70 91 • Fax: 34 94 601 70 40 • hegoa@ehu.es

Vitoria-Gasteiz • Biblioteca del Campus de Álava. UPV/EHU
Apdo. 138 - Nieves Cano, 33 • 01006 Vitoria-Gasteiz (Basque Country-Spain)
Tel. • Fax: 34 945 01 42 87 • hegoagasteiz@ehu.es

www.hegoa.ehu.es

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AYUNTAMIENTO

Coordination: Miguel Argibay and Gema Celorio

Editing: Bob Sutcliffe

Design and layout: Marra Servicios Publicitarios, S.L.

Contents

Foreword

The “Campaign Dictionary” is the first publication of the *Partnership for Change Project*, a European project to increase public awareness and political action about the Economic Partnership Agreements (EPAs) between the European Union (EU) and African, Caribbean and Pacific (ACP) countries.

The final date for signing EPAs came in December 2007, after six years of negotiation. Many critical voices have been raised in civil society against the abusive terms of these EPAs. Public bodies, universities, development-related NGOs, intellectuals and politicians, both in the EU and in ACP countries, have warned of the negative results which the EPAs could have on countries’ development and on people’s lives, especially on women and other vulnerable groups. The critics have drawn attention to the fact that the ACP countries include the poorest countries in the world and for them the EPAs mean a setback rather than an advance in development and welfare. Many of the details of the EPAs were contested, which is why the negotiations could not finish as planned by December 2007 but will continue until the end of 2009.

That is why we think that this is a key moment at which to demand consistency between the trade and aid policies of the European Union. The needed critical review of these agreements provides a perfect opportunity to build a more solid basis for collaboration between a great economic power, the EU, and the world’s poorest countries. The re-writing of the EPAs should take into account the criticisms which have come from national and European parliaments and from civil society in order to meet the goals of “reducing poverty, increasing sustainable development and gradually integrating the ACP countries in the world economy”.

The “Campaign Dictionary” is intended to be a useful source of information to individual and institutional decision makers in the EU, those groups who work in the fields of political awareness and international solidarity, and to those who are hearing about these questions for the first time and who would appreciate a deeper knowledge of the concepts which enter into debates about development and international aid and cooperation. Our ultimate aim is to contribute to the reformulation of the Economic Partnership Agreements so that they can contribute to achieving the Millenium Development Goals.

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We are extremely grateful to all those who have contributed to the production of this "Campaign Dictionary"; and to all who have helped to provide an understanding of complex ideas in simple language. We also thank Bob Sutcliffe for the translation and the staff of Marra for the professional and speedy way in which they have carried out the design and editorial tasks. Finally we wish to thank Patxi Zabalo and, very particularly, Eduardo Bidaurratzaga for their decisive contribution to the choice of terms and their whole-hearted support of the team which has put this publication together.

Authors

Jokin Alberdi Bidaguren

PHD in Political Science at the University of the Basque Country (UPV/EHU). Professor in the Department of Constitutional Law of that university (UPV/EHU). Researcher at Hegoa (Institute of Development and International Cooperation Studies. UPV/EHU), at Gernika Gogoratuz (Peace Research Centre) and at GEA/UAM (African Studies Group at the Autonomous University of Madrid). Analyst of juridical and socio-political questions linked to International Development Cooperation, and also those linked to the Sub-Saharan Africa.

Miguel Argibay Carlé

Graduated in History at the University of Buenos Aires (UNBA-Argentina). He was professor in the Master course in Development Cooperation at Hegoa (Institute of Development and International Cooperation Studies. UPV/EHU) 1995-2004. Member of the Hegoa's Development Education Group. Contributed to many books, reports, education packs and working papers published by Hegoa and other Spanish and European NGOs. Participated as teacher in several courses and workshops for school teachers, cooperators and youth in the Basque Country, Spain and in different countries of the European Union.

Jaime Atienza Azcona

Graduated in Economics. He is a specialist on development issues. Senior researcher of the Studies and Campaign Department of Intermón Oxfam. Responsible for International Economic Relations at the Studies Centre of the *Fundación Carolina* (2005-2008). Joined Caritas Española as an expert on social economy, migration and development (2001-2005). Coordinated the campaign against external debt held in Spain (1998-2001). He published a wide range of books and reports about migration, international financing and development cooperation. He is an experienced lecturer at Universities in Ecuador and Spain. He is a consultant on applied research in development cooperation and migration.

Andrea Baranes

Presently works as a campaigner on private finance and Export Credit Agencies for the CRBM (*Campagna per la Riforma della Banca Mondiale*) in Italy. Consultant to the first Italian Ethical Bank. He has held the secretariat of the Italian WTO campaign before the Ministerial Conference in Cancun, in 2003. He is the author of several publications dealing with international finance and trade, such as *Responsabilità e Finanza. Guida alle iniziative in campo socio-ambientale per gli istituti di credito e le imprese finanziarie*, and on Global Public Goods and their financing, such as *Perchè il mondo ha bisogno di tasse globali* and *Il mondo è di tutti. I Beni Pubblici Globali e il loro finanziamento*. He is member of the Steering Committee of the international network BankTrack, and of the Italian ATTAC association.

Eduardo Bidaurratzaga Aurre

PHD in Economics at the University of the Basque Country. Professor of Economics at the Faculty of Social Science and Communication at the University of the Basque Country. Expert on international economics, human development, development cooperation, health in African countries, African regional integration, relationships between African countries and the European Union. Professor in the Masters course in Development Cooperation at Hegoa (Institute of Development and International Cooperation Studies. UPV/EHU) and member of this Institute. He is also a member of the GEA/UAM (African Studies Group of the Autonomous University of Madrid) and has broad teaching and research experiences on these issues.

Alejandra Boni Aristizábal

PHD in Law at the University of Valencia. Professor of the *Escuela Universitaria* of Development Cooperation, at the Polytechnic University of Valencia. She coordinates the Group on Development Studies, International Cooperation and Applied Ethics of the Departament of Engineering Projects. Director of the Masters course on Development Processes and Policies of the University of Valencia. As a lecturer she has been invited speaker at various Latin-American Universities, at the Sussex Institute of Development Studies (UK) and at the Den Haag Institute of Social Studies (The Netherlands). Author of many publications related to development education, human development and international cooperation. Member of the network Human Development Capability Approach. Works with the NGOs: *Ingeniería Sin Fronteras, ACSUD Las Segovias* and *Intermón Oxfam.*

Artur Colom Jaén

He works as a Personal Researcher and teacher attached to the Department of Applied Economics in the Autonomous University of Barcelona. He has taught Politics and Economics, and Economics for Development, since the year 2000. Member of the African Research Network Group ARDA (*Agrupament de Recerca i Docència d'Àfrica)*. He belongs to the GEA/UAM (African Studies Group of the Autonomous University of Madrid). He worked in the field in Mauritania and Chad.

Alfonso Dubois Migoya

Graduated in Law. PHD in Economics. Professor of International Economy and Development Economics at the University of the Basque Country. Author of a wide range of publications on topics such as poverty, welfare and aid. President of Hegoa (Institute of Development and International Cooperation Studies. UPV/EHU). Professor at the Masters course on Development and International Cooperation, and at the online Masters course on Development Cooperation Strategies of the University of the Basque Country. President of ACADE (Association of Professionals for the Quality of Development Cooperation) 2002-2004. Member of the Spanish Foreign Office Cooperation Council (2003). Formerly represented the Spanish NGO Platform before the European Union Liaison Committee (Brussels 1993-1996).

Felipe Gómez Isa

PHD in Law at the University of Deusto. Professor of International Public Law. Researcher at the Pedro Arrupe Institute of Human Rights of the University of Deusto. Director of the European Masters course in Human Rights and Democratisation of the University of Deusto. Member of United Nations Study Group for CEDAW (New York 1998-1999). He has published several books: *La declaración universal de los derechos humanos* (1998), *El derecho al desarrollo como derecho humano en el ámbito jurídico internacional* (1999), “Privatisation and Human Rights in the Age of Globalisation”, in collaboration with Koen de Feyter (2005), *El derecho a la memoria* (2006), International Protection of Human Rights. Achievements and Challenges, in collaboration with Koen de Feyter (2006), and *Colombia en su laberinto. Una mirada al conflicto* (2008).

Mariarosaria Iorio

Graduated in Political Science at the Univerity *l'Orientale* in Naples, Italy. Erasmus student at University of Louvaine la Neuve, Belgium. Master in Political Science at the University of Geneva, Switzerland. She also attended Harvard Executive Program on Trade Policy: Economics, Negotiations and Rules. She is currently coordinator of the IGTN (*International Gender and Trade Network*) Geneva office. She has 17-years of experience both as an official and as a consultant in International Organizations, including the WTO, the ILO, the OECD and the EC. Worked for the International Labour Office (ILO) based in Ivory Coast. She has prepared lectures and published articles and working papers on trade-related issues.

Ainhoa Marín Egoscozábal

PHD in Economic Science. Professor of International Economics at the University of Nebrija. Member of the GEA/UAM (African Studies Group at the Autonomous University of Madrid). As expert in International Economy, she has worked for the United Nations Development Programme (UNDP) and also for the United Nations Economic Commission for Africa (UNECA).

Clara Murguialday Martínez

Graduated in Economics. Formerly managed and now still works for the University Cooperation Office of the University of the Basque Country (UPV/EHU). Member of the Spanish Cooperation Council as an expert and consultant on Gender and Development. She participates as a professor in undergraduate and Masters courses in various Universities in Spain concentrating on Gender and Development.

OECD. Organization for Economic Co-operation and Development. Development Co-operation Directorate of the OECD. Aid Effectiveness Division

The mission of the Organisation for Economic Co-operation and Development (OECD) is essentially to help governments and society reap the full benefits of globalisation, while tackling the economic, social and governance challenges that can accompany it. The Aid Effectiveness Division is the Secretariat for the Working Party on Aid Effectiveness (WP-EFF), an international partnership of donors and partner countries hosted by the OECD Development Assistance Committee. The WP-EFF is a major forum for dialogue between bilateral donors, multilateral organizations and partner countries which aims at improving the effectiveness of greater impact on development and poverty reduction. Its mandate is to promote and facilitate the implementation of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.

Karlos Pérez de Armiño

Graduated in Geography and History at the University of Deusto. PHD in Political Science at the University of the Basque Country (UPV/EHU). Diploma in European Studies at the University of Deusto. Master of International Humanitarian Aid. Professor of the Department of International Relations at the University of the Basque Country (UPV/EHU). Secretary of Hegoa (Institute of Development and International Cooperation Studies. UPV/EHU). Member of the Hegoa's Research Group, and deeply involved in the research areas of food security, complex political emergencies, human security, post-war reconstruction (Mozambique and Angola). Author of four books and a wide range of articles. He coordinated Hegoa's dictionary International Humanitarian Aid and Development Cooperation (2001).

Javier Pérez González

Graduated in Economic Science and Law at the Carlos III University of Madrid. Joined the Development Studies Lab where he focused on the relations between corruption and poverty and also specialized in coordination of donors abroad. He worked for a short period at the Directorate General for Development of the European Commission. In 2006 he joined the Intermon-Oxfam Studies and Campaign Department, based in Madrid. At this department he is responsible for research on World Trade and holds the same position in Oxfam International.

Miguel Romero Baeza

Graduated in Information Science at the University of the Basque Country (UPV/EHU). Responsible for Studies and Communication Department at the NGO ACSUR-Las Segovias. Member of the editorial board of the magazine *Viento Sur*. Professor and Steering Group member at the Master of Management for Social Change course at the Autonomous University of Madrid. Contributed to many articles and books, recently in *Exodo* magazine *La anestesia política de los Derechos Humanos* (2008).

Iñaki Uribarri Hernández

Graduated in Economics. Steering Commission member of the *Ezker Sindikalaren Konbergentzia/Convergencia de Izquierda Sindical (ESK)*, Basque Trade Union.

World Rural Forum (WRF)

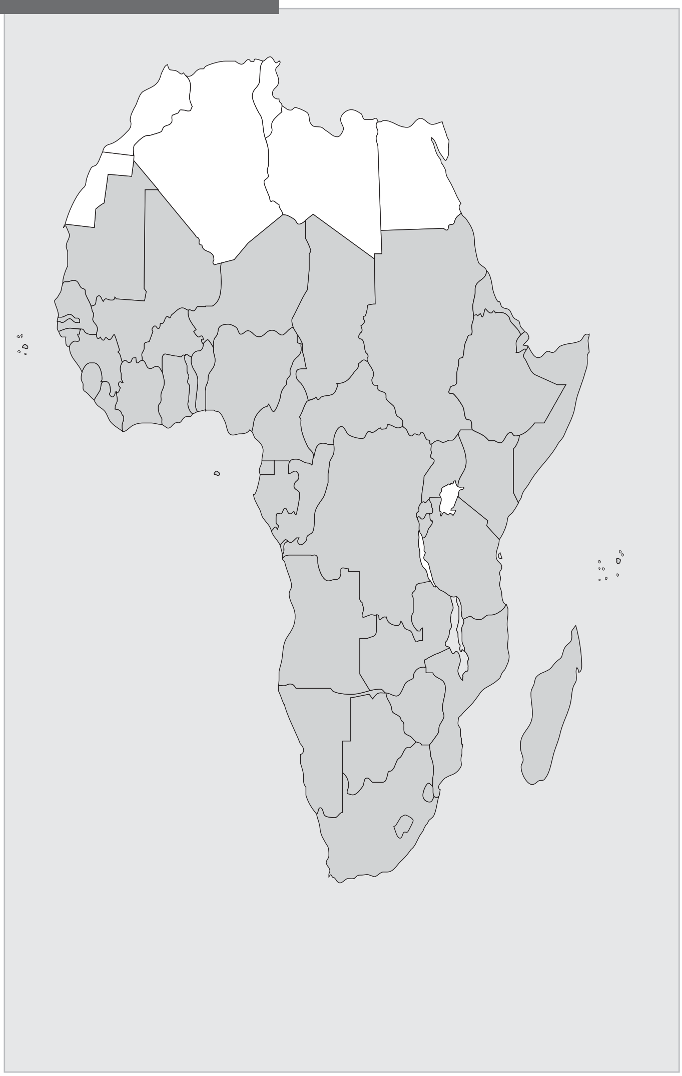
The World Rural Forum Association is a Network of individuals and organisations committed to agricultural and rural development throughout the world. It is an international membership in which people and organisations from four continents are represented in the General Committee. The WRF mission is to raise awareness and to lobby about international agricultural policies. WRF also stresses the need for working in networks and gives advice to rural development cooperation projects.

Patxi Zabalo Arena

Graduated in Economics at the University of the Basque Country (UPV/EHU). Professor at the Economics and Business Faculty of the University of the Basque Country (UPV/EHU). Member of Hegoa (Institute of Development and International Cooperation Studies. UPV/EHU). Member of Hegoa's Research Group. Contributed to many books and articles on Economic Globalization and the World Trade Organisation. (WTO). Lecturer on Development issues for NGOs, Social Movements and university international solidarity groups.

ACP and EU country list

African countries



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Burundi
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Cape Verde
Central African Republic
Chad
Comoros
Congo-Brazzaville
Congo-Kinshasa
Ivory Coast
Djibouti
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Ethiopia
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Togo
Uganda
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Zimbabwe

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Barbados
Belize
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Dominican Republic
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Trinidad and Tobago

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Luxembourg
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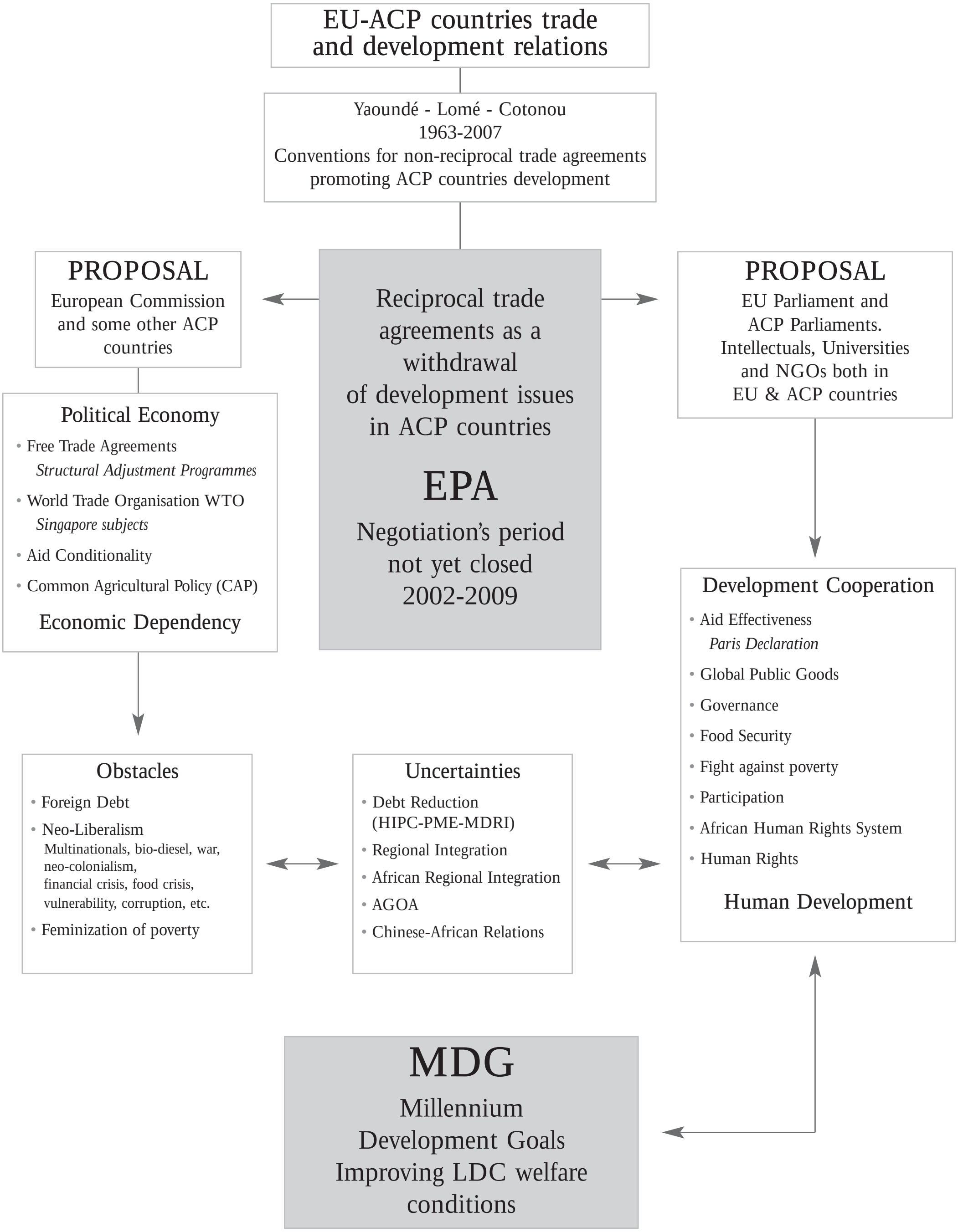
Map linking terms



A

African Human Rights System, The

The African Human Rights Protection System is the most recent and least evolved of the regional systems currently in operation. Its main convention-based instrument is the *African Charter on Human and Peoples' Rights*, approved on 27 June 1981 within the framework of the XVIII Assembly of Heads of State and Government of the Organization of African Unity (OAU), an organization that in 2001 was replaced by the African Union (AU). In the African Charter of Human and Peoples' Rights, which came into effect in October 1986, a unique concept of human rights is expressed which reflects the singularities of the African continent (Ojo, 1990:115). In view of this fact, it is clear that we need a serious and thorough analysis of the different regional concepts of human rights in order to obtain a truly universal perspective on them. Benedek has even stated that in this regard that "the African conceptions of human rights are an important constitutive part of a universal concept of human rights" (Benedek, 1983:150).

Contributions of the African Charter

The principal contributions and characteristics of the African concept of human rights introduced in the Charter are the following:

1. As indicated by the majority of the authors that have analyzed the African Charter, its main contribution lies in the recognition of third-generation human rights, especially the peoples' right to development. This is the only international human rights treaty that explicitly incorporates this newly recognized type of right, and it gives us a clear idea of the priorities of the African continent regarding human rights. There are articles dealing with the right of self-determination (Article 20), the right to national and international peace (Article 23) and the right to a generally satisfactory environment (Article 24). However, it is Article 22 of the African Charter on Human and Peoples' Rights which confirms the recognition of the most important right, the right to development. According to this article:

1. All peoples shall have the right to their economic, social and cultural development with due regard to their freedom and identity and in the equal enjoyment of the common heritage of mankind.

2. States shall have the duty, individually or collectively, to ensure the exercise of the right to development.

The inclusion of the right to development in the African Charter should not surprise us. We must not forget that the human right to development is a concept which originated in the African continent. The special seriousness of the underdeveloped situation of Africa can help to explain the fundamental importance given to the peoples' right to development. However, as some authors from the African continent itself have stated, the vigorous defence by African political leaders of peoples' rights, and especially of the right to development, has been used on occasion as an instrument to legitimize the most flagrant violations of individual human rights by these very leaders (Mahmud, 1993:488 et seq.). The special stress placed by the elite of Africa on the right to development and on the need to reach a certain degree of economic development as a prerequisite for advancing in the protection of civil and political rights has hidden many cases of violations of individual rights and the enrichment of a small minority at the expense of the people.

2. The second defining note of the African Charter is that, unlike the European Convention on Human Rights and the American Convention on Human Rights, it is the only instrument of a regional nature that incorporates economic, social and cultural rights alongside the most important civil and political rights. In paragraph No. 8 of the Preamble to the Charter, the member states of the Organization for African Unity state that they are "*convinced* that the civil and political rights cannot be dissociated from economic, social and cultural rights in their conception as well as universality and that the satisfaction of economic, social and cultural rights is a guarantee for the enjoyment of civil and political rights". As we can see, the African Charter clearly and decidedly opted for the interdependence and indivisibility of all human rights, without giving priority to some rights over others.

3. Another characteristic of the African Charter on Human and Peoples' Rights is, as implied by its title, that it devotes special attention to peoples' rights. We must point out that the recognition of collective rights fits in perfectly with the peculiarities and specific singularities of the African continent. In traditional Africa the group has supremacy over the person, the community over the individual; the concept of the individual only takes on its full meaning within the community. In Africa what Bello qualified as a "global and community focus on human rights" has developed, in which rights are inseparable from the idea of duties with respect to the community to which one belongs (Bello, 1985:33). For this reason the collective rights or peoples' rights occupy a place that they do not in any other international document on human rights.

4. A final defining feature of the African Charter is that it is the human rights text which most clearly recognises the individual's duties. As early as the Preamble it asserts that "the enjoyment of rights and freedoms also implies the performance of duties on the part of everyone". Furthermore, an entire chapter of

the Charter, Chapter II, is dedicated to the recognition of the duties. Article 27, the first of the articles about duties, states in its first subsection that "every individual shall have duties towards his family and society, the State and other legally recognized communities and the international community". However, the most important article in this regard is Article 29, a provision in which an actual list of human duties is formulated. As pointed out in Article 29, the individual has the duty:

1. To preserve the harmonious development of the family and to work for the cohesion and respect of the family; to respect his parents at all times, to maintain them in case of need;

2. To serve his national community by placing his physical and intellectual abilities at its service;

3. Not to compromise the security of the State whose national or resident he is;

4. To preserve and strengthen social and national solidarity, particularly when the latter is threatened;

5. To preserve and strengthen the national independence and the territorial integrity of his country and to contribute to its defence in accordance with the law;

6. To work to the best of his abilities and competence, and to pay taxes imposed by law in the interest of the society;

7. To preserve and strengthen positive African cultural values in his relations with other members of the society, in the spirit of tolerance, dialogue and consultation and, in general, to contribute to the promotion of the moral welfare of society;

8. To contribute to the best of his abilities, at all times and at all levels, to the promotion and achievement of African unity.

As we can see, the African Charter clearly chooses to assign an important role to the duties of the individual, a viewpoint that has been criticized from some doctrinal positions. Specifically, for Yves Madiot, who has analyzed the constant tension produced between the rights and the duties of the individual, Article 29, mentioned above, "is full of risks", given that "it puts the individual at the service of the community and allows all oppressions to be justified" (Madiot, 1998:126).

Mechanisms for the protection of rights

The specific body created by the Charter to "promote human and peoples' rights and to ensure their protection in Africa" is *the African Commission on Human and Peoples' Rights* (Article 30). This Commission is composed of eleven members "chosen from among African personalities of the highest reputation…, [and] competence in matters of human rights…; exercising their duties "in their personal capacity" (Article 31).

Regarding the mechanisms for the control and protection of human rights, the African Charter follows the model of the existing systems, opting for the three traditional mechanisms: periodic reports, interstate communications and individual communications.

1. *Periodic reports*. As stipulated in Article 62 of the Charter, "each State Party shall undertake to submit every two years... a report on the legislative or other measures taken with a view to giving effect to the rights and freedoms recognized and guaranteed by the present Charter", a report that will be analyzed by the Secretary-General of the OUA.

2. *Interstate communications*. If a State Party to the present Charter has good

reason to believe that another State Party to this Charter has violated the provisions of the Charter, it may, via written communication, draw attention to the matter and, after receiving explanations, try to reach a solution to the issue (Article 47). If the issue is not settled satisfactorily after the lapse of three months, either State shall have the right to submit the matter to the African Commission on Human and Peoples' Rights (Article 48). However, it is also possible, pursuant to Article 49 of the Charter, for a State Party to refer the matter in the first place directly to the African Commission, without trying to solve it with the other State Party.

3. *Individual communications.* Article 55 of the African Charter admits the possibility of communications submitted by "those other than State parties", which clears the way for individuals who, after fulfilling the admissibility requirements stipulated in Article 56, may submit individual communications to the African Commission. If the Commission analyzes such communications and concludes that "one or more communications apparently relate to special cases which reveal the existence of a series of serious or massive violations of human and peoples' rights, the Commission shall draw the attention of the Assembly of Heads of State and Government to these special cases." (Article 58.1). Once alerted by the Commission, the Assembly of Heads of State and Government "may then request the Commission to undertake an in-depth study of these cases and make a factual report, accompanied by its findings and recommendations" (Article 58.2). In addition, as Article 59 of the Charter stipulates, "all measures taken within the provisions of the present Chapter shall remain confidential until such a time as the Assembly of Heads of State and Government shall otherwise decide".

As we can see, these are tremendously weak mechanisms. Only very limited powers are allocated to the African Commission and an iron control is given to the Assembly of Heads of State and Government, a political body *par excellence* and, up to now, one which has not been very concerned by the serious violations of human rights taking place in the African continent. Moreover, in contrast to the European and American regional systems, the African Charter does not provide a body of a judicial nature to enforce human rights, such as the European Court of Human Rights or the Inter-American Commission on Human Rights. This gap is in course of being corrected since in June 1998 approval was given to the Protocol to the African Charter, whereby a genuinely judicial body, the African Court on Human and Peoples' Rights, was to be created. Problems within the African Union have meant that, although the Protocol came into effect in January 2004, the African Court has not yet begun to function. We hope that it does so very soon and that as a result it will gradually converge with the other two regional courts, the European and the American.

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Felipe Gómez Isa

African regional integration

Regional integration initiatives have been among the key development strategies proposed by African leaders ever since decolonization. However, during recent decades initial pan-African positions based on endogenous development and on self-centred models have evolved towards increasingly outward-focused proposals consistent with the liberalization of the current globalization template, and these are more on the lines of the so-called open regionalism.

The literature on regionalism in Africa conventionally contrasts the high number of formal initiatives, and the alphabet soup of acronyms which they generate, with their limited success in practical terms, shown by the low level of intra-regional trade and poor performance in terms of growth and development. Despite this, today the commitment of African governments to plans of integration with their neighbours seems to be undiminished.

In Africa, as in other continents, the debate does not seem to be about whether regional integration can or cannot be an instrument for the development of the continent. This is inevitable given the vagueness of the concepts of integration and development used, as well as the avoidance of debate on different integration models. The most debated issue has been the age-old one of how much public intervention in the economy is desirable, now transferred to a multi-state framework.

The impetus for the promotion of integration on the African continent, however, follows a different logic – one of a political as well as an economic nature. Among the salient arguments which favour greater integration are: the need to solve the problem of the small size of African internal markets so that they can take advantage of economies of scale; the high potential for cooperation in sectors such as transport, energy or water, given the current inadequate infrastructure and the existence of many land-locked countries; the existence of borders which do not respect the cultural and social realities of the continent and the consequent lack of national awareness and questioning of nation-states, from above by globalization and from below by the ethnicism or communitarianism; and finally, the greater potential for the defence of African interests in international negotiating arenas.

Nevertheless, despite the traditional and existing commitment of African governments to regionalism, the problems involved in its implementation have been anything but insignificant. The obstacles and limitations can be classified into two groups, the political and the economic.

A permanent political obstacle to regional integration stems from the fact that Africa won its independence from colonialism through national anti-colonial and liberation movements and the logical bedfellow of post-colonial ideology is therefore national construction. This was by definition an obstacle to the transfer of sovereignty to supra-state regional entities. But there were other political difficulties faced by regional initiatives. They are:

- The limited legitimacy of Africa's numerous dictatorial and autocratic governments.
- The inability of political leaders to see how surrendering some sovereignty in the short run could be compansated by gains from integration in the long run, a trade off sometimes complicated by electoral factors which put a premium on short term results.
- The pressures exercised by different economic groups fearful of losing their privileges as a result of increased competition in wider markets.
- The numerous episodes of internal and external political instability both during and after the Cold War.
- The priority given to the defence of national sovereignty and non-interference in regional or continental organizations.
- The ease of obtaining membership of some of the regional organizations, which leads to multiple memberships and often to confusing overlaps of functions and bureaucratic structures and so to an inefficient use of the limited resources. This is what in the literature on the subject is known as the "spaghetti bowl" (Chart 1)[1].

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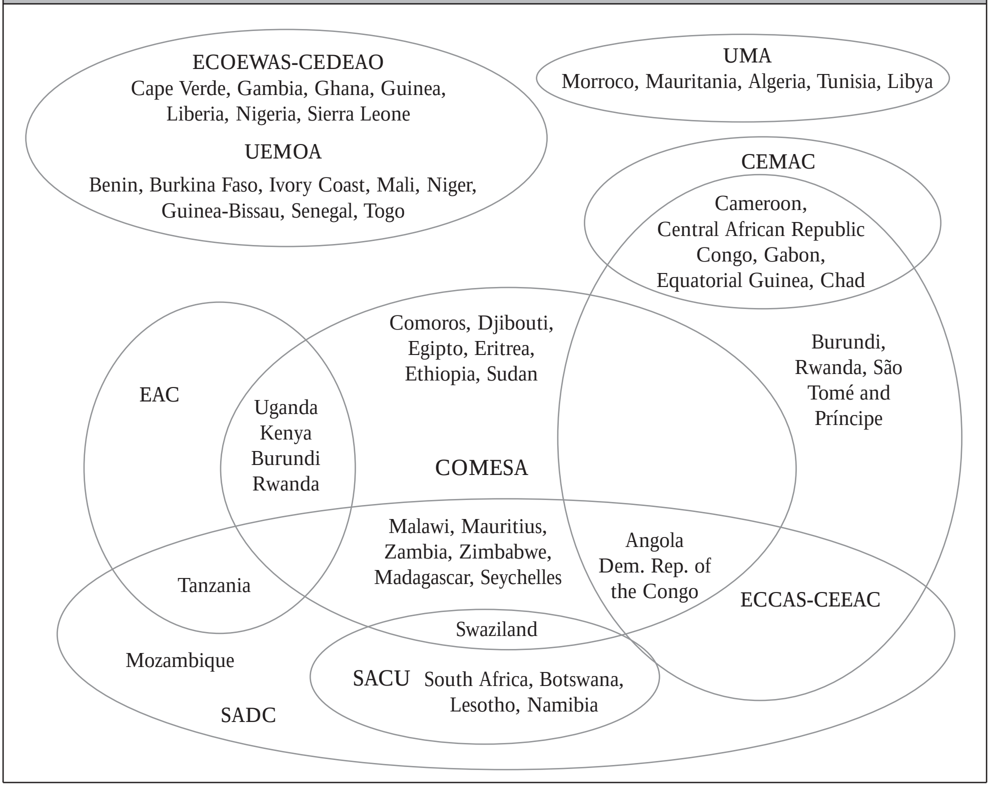
[1] In addition to the regional groups included in the chart, the following also exist: IGAD (Intergovernmental Authority on Development) formed by Eritrea, Ethiopia, Djibouti, Kenya, Uganda, Sudan and Somalia; CEN-SAD (Community of Sahel-Saharan States) composed 18 central, eastern, western and northern African countries; IOC (Indian Ocean Commission), formed by Comoros, Madagascar, Mauritius and Seychelles; CEPGL (Economic Community of the Great Lakes Countries), which includes Rwanda, Burundi and the Democratic Republic of the Congo.

Chart 1. Principal regional groupings in Africa



Source: Author's elaboration.
Acronym and year of stablishment of each of the regional groupings:
CEMAC: *Communauté Économique et Monétaire de l'Afrique Centrale* (1994). Economic and Monetary Union of Central Africa.
COMESA: Common Market for Eastern and Southern Africa (1994).
ECCAS-CEEAC: Economic Community of Central African States. *Communauté Économique des États de l'Áfrique Centrale* (1983).
ECOWAS-CEDEAO: Economic Community of West African States. *Communauté Économique des États de l'Áfrique de l'Ouest* (1975).
SADC: Southern African Developmen Community (1992).
SACU: Southern African Customs Union (1910).
UMA: *Union du Maghreb Arabe* (1989). Arab Maghreb Union.
UEMOA: *Union Économique et Monétaire Ouest Africaine* (1994). West African Economic and Monetary Union.
EAC: East African Community (1999).

It is easy to identify a similar list of economic obstacles to effective regional integration. It includes:

- The low degree of complementarity between national economies, especially when several countries have specialized in exporting a few goods (often the same ones as their neighbours) with low value added to the former colonialist countries.

- Transport infrastructures which were constructed to supply raw materials from the colonies to the colonialist *countries* rather than to supply an intra-regional market.

- The absence of financial and monetary integration which would expand the regional market for goods, services and capital.
- The differing levels of development of the participating economies. This necessitates redistribution in favour of the least favoured economies and fatal disagreements often arise about the degree of redistribution and the most appropriate mechanisms to carry it out.

These lists make it clear that integration and development in Africa face numerous obstacles, both exogenous and endogenous, whose solution in many cases requires substantial structural changes.

Although the first regional groups emerged shortly after African countries gained their independence it was not until the 1970s and the beginning of the 1980s that some of the most significant and largest groups were created. After a pause came a revival in the 1990s of debates on regionalism and its role in development; this ushered in a period of reinforcing and redefining the existing African regional groups, but this time under the influence of the neoliberal globalization which was in progress.

Understanding the latest trends requires a consideration of their principal antecedents, in particular the Lagos Plan of Action (LPA) of the Organization of African Unity (OAU) summit held in Nigeria in 1980, as well as the immediate reaction to it by the Bretton Woods financial institutions. This plan became a central reference point of a new strategy, which intended to solve the economic crisis of the 1970s using a development strategy which emphasized collective self-reliance, product diversification, reduction of dependence on the primary exporting sector, and concern for the satisfaction of primary needs as the goal of economic development and, as a central element of the strategy, the formation of regional groups that would ultimately merge to form a continent-wide grouping.

The World Bank reacted quickly to the Lagos plan, with the 1981 publication known as the “Berg Report”, which contained a set of clearly neoliberal recommendations. The fine words of the pan-African projects of Lagos came unstuck as soon as African governments, guided by pragmatism, began to seek foreign financing from the international institutions to rectify the macroeconomic imbalances and heavy indebtedness of their economies. But access to financing was conditional on the implementation of certain economic policies in the framework of the structural adjustment programmes and the so-called “Washington Consensus”. Hence, the Africanist endogenous development strategies had to be abandoned in favour of the pursuit of macroeconomic balance, the minimization of public intervention, productive specialization and the outward reorientation of African economies. These are the typical characteristics of the economic policies followed in Africa during recent decades. All of them, but particularly the outward reorientation perspective, are likely to be intensified in the near future by the proposed EPAs which aim at reciprocal trade liberalization and facilitating the entry of foreign investments.

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Eduardo Bidaurratzaga Aurre

AGOA. African Growth and Opportunity Act

AGOA: Acronym corresponding to *African Growth and Opportunity Act*, a law enacted by the United States Congress in 2000, allowing the unilateral suppression of tariffs and quotas for various products exported by Sub-Saharan African countries. In principle, AGOA was to span the period between 2000 and 2008, but in 2004 it was extended to 2015.

How AGOA works

AGOA is part of the architecture of international trade, being in fact an extension of the United States Generalized System of Preferences. Systems of preferences have been in operation since 1971, and consist in the unilateral concession of commercial advantages by developed to developing countries through the partial or total suppression of trade barriers.

Every two years the complex AGOA legislation has undergone revisions, the last of which was in 2006 and is known as AGOA IV.

The conditions of eligibility of AGOA

An important aspect of AGOA is that a country must fulfil certain conditions to be eligible as a beneficiary. These go far beyond strictly economic or commercial factors. They include the obligation to have an open economy based on the free market and with minimal interference from the government, the elimination of barriers against trade with or investment from the USA, respect for intellectual property rules, the maintenance of democratic governance and the absence of any policies that undermine U.S. national security. In addition, beneficiary countries are obliged to implement poverty-reducing policies, and to respect workers' rights as defined by ILO (International Labour Organization) standards (USTRO, 2008:146).

As of November 2008, all the Sub-Saharan African countries are, in varying degrees, beneficiaries of AGOA, with the exception of the Central African Republic, the Ivory Coast, Equatorial Guinea, Eritrea and Zimbabwe. (Sudan and Somalia are not considered by AGOA to be part of Sub-Saharan Africa).

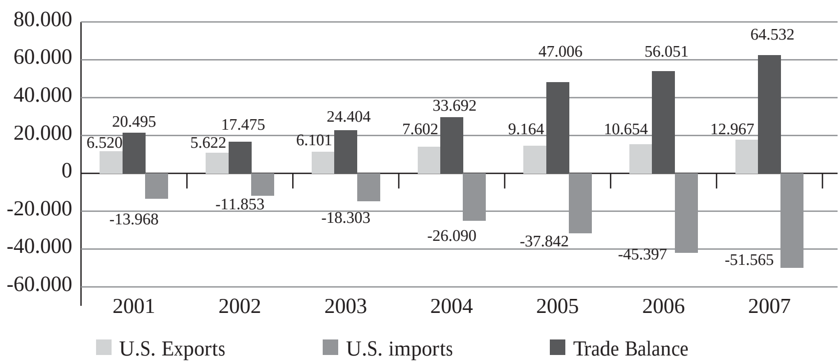
The context of AGOA. Globalization and liberalization of trade

At the end of the 1990s, there was widely perceived to be a "development crisis", especially in Africa, which demanded new international action. While the most notable attempt to launch such action was the formulation the Millennium Development Goals, there were many more, AGOA being one of them. Enacted near the end of the Clinton administration, AGOA is an attempt to steer the discourse of poverty reduction in the direction of international trade and the free market. It should also be noted that the end of the 1990s was exactly when capitalist globalization was most rapid, and AGOA is consistent with the neoliberal approach of the policies that propelled globalization.

Effects of AGOA

Certainly, Africa's exports to the United States have increased noticeably since AGOA's establishment, as is shown by Chart 1. Most of these exports have benefited from AGOA trade preferences.

Chart 1: Evolution of total trade between United States and AGOA countries (millions of $)



Source: U.S. Dept. of Commerce.

However, an itemized analysis by products shows that most of the AGOA exports are oil products, as shown in Table 1.

Table 1. Importance of oil in exports to United States under the AGOA regime

	2004	2005	2006	2007
Exports of oil and other energy products under AGOA regime (a)	23,053,406	35,207,962	41,081,606	47,674,569
Total exports under AGOA regime (b)	26,558,922	38,146,396	44,239,193	51,051,383
(a)/(b)	0.87	0.92	0.93	0.93

Source: Compiled by author from data from the U.S. Dept. of Commerce.

Likewise, it should be noted that the benefits are heavily concentrated in a small group of six countries. As shown in Table 2, 97% of exports to the United States under the AGOA regime come from the countries listed, all of them except South Africa heavily dependent on oil exports.

Table 2. Exports to United States under the AGOA regime (2007)	
Nigeria	30,138,166
Angola	11,691,880
South Africa	2,266,721
Chad	2,066,045
Congo	1,605,099
Gabon	1,673,646
Total (a)	*49,441,557*
Total AGOA countries (b)	*51,051,383*
(a)/(b)	*0.97*

Source: Compiled by author from data from the U.S. Dept. of Commerce.

Another of the effects of AGOA has been the impetus which it gave to the establishment of the textile industry, financed by Asian capital, in some countries of southern and eastern Africa. This was largely due to the fact that, when AGOA was enacted in 2000, the Agreement on Textiles and Clothing (the successor to the Multifiber Arrangement, in force between 1974 and 1994) was regulated within the WTO. These agreements allowed the developed countries to impose quotas and tariffs on imports of footwear and textiles, in order to protect themselves from the large Asian producers. So, when AGOA began, some Asian textile and footwear producers saw an opportunity to establish production plants in African countries which under AGOA could export to the USA without the tariff barriers which faced the Asian exporters. Furthermore, the AGOA rules of origin are very lax, so much so that for the AGOA countries classified as "least developed" there are no restrictions on the place of origin of the raw material used in manufacturing exports, a provision that was to expire in 2007 but was extended until 2010. This means that an African textile firm which adds a minimum of value to semi-finished and raw material inputs which come from Asia can export to the United States free of any restrictions. Since 2000, this measure has provided a strong boost to the establishment of Asian-owned firms in Kenya, Lesotho and Swaziland. Madagascar, Mauritius and South Africa, although they are less dependent on exports to the United States, have also experienced this phenomenon. In short, AGOA has encouraged a modest African presence in the final phases of the value creation chains of the global textile industry. But the creation of a certain number of jobs with poor working conditions has not been conducive to much advance in human development.

The disappearance of the Agreement on Textiles and Clothing

The Agreement on Textiles and Clothing of the WTO finally expired on Jan. 1 2005. At that point many of the Asian producers who, encouraged by AGOA's so-called "window of opportunity", had installed themselves after 2000 in southern and eastern Africa departed. In fact, closures were already detected in the region in 2004. Certainly, many jobs were lost, as can be seen in Table 3; however, in countries such as Lesotho, the authorities were ahead of events and implemented industrial policy measures to counteract the disappearance of the trade advantage (de Hann and Van der Stichele, 2007).

Table 3. Drop in employment in the textile sector			
	2004	2005	% drop
Kenya	34,614	31,745	9.3
Lesotho	54,000	40,000	25.9
South Africa	98,000	83,000	15.3
Swaziland	28,000	16,000	42.9

Source: Kaplinsky and Morris (2008:264).

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Artur Colom Jaén

Aid effectiveness

When countries agreed that the Millennium Development Goals should be achieved by 2015, a bargain was struck: while developing countries would have primary responsibility for achieving the Goals, donor countries would have a particularly important role to play in supporting a global partnership for development. This includes commitments to increase both the quantity of aid to developing countries, and to improve its quality, in other words, to increase aid effectiveness.

Increasing the effectiveness of aid means ensuring that aid helps developing countries to improve the welfare of their poorest populations. For this reason, aid must be genuinely focused on development priorities set by these countries. At the heart of this commitment is the conviction that donors do not develop developing countries, developing countries must develop themselves.

To enable this to happen, donors and developing countries must establish genuine partnerships, in which they are jointly and mutually responsible for development results. This means making a fundamental shift in the way they do business.

The Paris Declaration on Aid Effectiveness

So, what are donors and developing countries doing to change the way they do business?

In March 2005, senior officials from over one hundred aid receiving countries and donor agencies met in Paris to agree on concrete steps to improve the effectiveness of aid which is the *Paris Declaration on Aid Effectiveness*. The Paris Declaration puts in place a series of specific measures for implementation and establishes performance indicators for assessing progress. It also calls for an international monitoring exercise in 2005, 2008 and 2011 to ensure that donors and recipients hold each other accountable, a feature that is unique with relation to other international agreements.

More than a statement of general principles, the Paris Declaration lays out a practical, action-orientated roadmap to improve the quality of aid and its impact on development. Its 56 partnership commitments are organised round five fundamental principles for making aid more effective:

Ownership. Developing countries set their own strategies for development, improve their institutions and tackle corruption.

Alignment. Donor countries bring their support in line with these objectives and use local systems.

Harmonisation. Donor countries co-ordinate their action, simplify procedures and share information to avoid duplication.

Managing for results. Developing countries and donors focus on producing and measuring results.

Mutual Accountability. Donor and developing country partners are accountable for development results

Five principles of Aid Effectiveness

Ownership

The achievement of the MDGs requires that governments in developing countries take full responsibility for the commitments they made to their own populations under the Millennium Declaration. Donors need to ensure that they respect and support developing country ownership, and that developing countries take the lead, acting on behalf of their citizens.

For development to be sustainable over the long term, developing country governments must exercise effective ownership over the development process, including over aid. It is fundamental that they do this in full consultation and with full accountability to their citizens, including the poor. Developing countries must therefore take the lead in developing and implementing their national development strategies through a broad consultative process, ensure that these strategies are strategically linked with resources, and co-ordinate management of development resources at all levels.

Alignment

In order to ensure that donors are responding to genuine local needs and priorities articulated by the recipient countries, donors need to ensure that their aid is aligned with recipient countries' development strategies and that country systems are used for the delivery of aid. Alignment is not an end in itself, but a way for strengthening country ownership over development.

Aid is aligned when it is integrated into the country's own planning and budgeting mechanisms. Increasing use of country systems not only supports the emergence of sustainable local capacity and accountable governments, it also enables the development country to exercise genuine ownership over aid. Recording aid on the national budget ensures that the use of these funds is subject to scrutiny by developing country parliaments, and other domestic accountability institutions and civil society.

Further, improving the predictability of aid enables countries to plan and manage their own development and continuing to untying aid will increase the aid's value for money. Providing capacity development support that responds to genuine needs articulated by the development countries is vital to ensure lasting effects of capacity development and strengthen ownership of developing countries.

Harmonisation

When there are scores of donors, each with many projects and each with their own administrative and reporting requirements, the resulting workload can be devastating for countries with overstretched capacity. Officials are so busy meeting donor demands that they can't ensure the normal functioning of government programmes, or respond to the genuine concerns and demands of their own citizens. To lighten this burden, donors must harmonise aid processes and increasingly work together using common procedures.

Donors maximise the benefits of their work when they exchange information and co-ordinate their efforts. By ensuring that their activities are coherent and complementary -establishing, among donors, appropriate divisions of labour across countries and sectors- they reduce the fragmentation of aid. Transaction costs of managing aid can be significantly reduced if donors harmonise practices -by adopting common practices and procedures- and jointly conduct mission and country analysis. Channelling aid through common approaches -through programme-based approaches, pooled funds and joint programmes- ensures that donor efforts collaboratively achieve common objectives shared by developing countries and donors.

Managing for results

Making aid more effective entails challenges not only for donors, but for developing countries as well. Managing for development results means ensuring -and demonstrating- the real impact of aid on people's lives. In order to do this, governments must develop a "performance culture" to ensure that aid is managed and implemented in a way that achieve desired results, and evidence is used to improve decision-making.

Mutual accountability

For too long, developing country governments have been accountable to donors, without the opposite being true. In addition, donor and developing country governments alike have been insufficiently accountable to their respective citizens for results on development. Only if governments are held accountable for their actions to the world's poor will we see a real improvement in aid practices.

To ensure accountability, there must be true country ownership of the development process, democratic ownership, involving parliament, citizens and their organisations. Civil society plays a vital role in this process, giving a voice to the poor and empowering individuals and their communities to demand basic rights and services and to hold their governments to account.

ACCRA. Agenda for Action. Renewed Commitments for Effective Aid

Since the endorsement of the Paris Declaration in 2005, evidence shows that progress has being made in improving the quality and effective management of aid. However, evidence also shows that progress is not enough, and that the pace of progress is too slow. Without further reform and faster action, the international community will not be able to meet the 2010 commitments and targets agreed in Paris.

In order to address the urgent challenges, ministers, heads of development agencies and civil society organisations gathered in Accra, Ghana for the Third High Level Forum on Aid Effectiveness in September 2008. The outcome document -Accra Agenda for Action (AAA) endorsed by over 130 development countries and donors- articulates a series of new concrete measures to accelerate progress towards achieving the Paris Declaration commitments.

Strengthening country ownership over development

The first focus of the AAA is strengthening country ownership over development. This includes broadening the definition of ownership to include parliaments, local authorities, and civil society. The AAA therefore calls for increased leadership from developing countries to ensure assistance is driven by demand.

The AAA also includes commitments to strengthen local capacity to lead and manage development. These actions, including identification and design of capacity development strategies at all levels, joint management of technical co-operation and promotion of technical co-operation from local and regional sources including South-South co-operation, will ensure that capacity development is driven by demand, not supply.

The AAA calls for donors to use national country systems so that nationally-owned priorities are not bypassed and local capacity for public management and accountability is not undermined. One of the most important agreements in the AAA is that donors will use country systems as a first option. If donors are not able to use country systems, they have committed to state transparently the reasons for this, and to ensure that any other options they use do not undermine country systems. At the same time, developing countries have committed to take the lead to further strengthen their systems.

Effective and Inclusive Partnerships for Development

The AAA recognizes that aid is about building partnerships for development which fully harness the energy, skills and experience of all development actors. Donors and developing countries have therefore agreed to reduce the excessive fragmentation of aid at the global, country and sector level that impairs aid effectiveness, and to promote better division of labour among donors. In taking these actions, donors have committed to ensure that they address the issue of countries that receive insufficient aid.

Donors have further agreed increase the value of development assistance by untying aid to the heavily indebted poor countries and promoting the use of local and regional procurement. Those donors who have not yet fully untied their aid, have agreed to set out their plans to increase their use of untied aid.

And the AAA encourages all development actors, including those engaged in South-South co-operation, to use the Paris Declaration principles as a point of reference in providing development co-operation. It recognizes the role of CSOs as development actors in their own right and invites them also to reflect on how the Paris principles apply to their work.

Delivering and Accounting for Development Results

In the AAA, donors and developing countries agreed to focus on delivering results and building the management and information systems at country level needed to achieve this. Rather than pushing for visibility and attribution, donors agreed to undertake fundamental reforms in their agencies, to change organizational and staff incentives so that they promote behaviour that is in line with aid effectiveness principles.

Both donors and developing countries agreed in Accra to deliver aid in a more transparent and accountable way. As a result, significant commitments were undertaken by both donors and recipients to make aid more transparent, to facilitate better parliamentary and public oversight of aid flows, to conduct mutual assessment reviews and to fight corruption. The AAA also pledges to reduce the prescriptive conditions donors attach to aid those relating to how and when money is spent. Donors will instead focus on conditions based on developing country's own objectives, as set out in their national development plans.

Specific actions agreed by donors to increase the medium-term predictability of aid will have far reaching implications for aid effectiveness by allowing developing countries to effectively plan and manage their development programmes. Developing countries have agreed to strengthen budget processes for managing domestic and external resources and linkages between expenditures and results and they will work with donors to improve the medium-term predictability of aid and tools to measure it.

Aid Effectiveness. Next steps

The next steps for all development actors are to implement the actions in the AAA, and work to promote the inclusive ownership and results focus embodied in those actions, so that development policies are informed by the right information at the right time.

Many of the actions in the AAA require transparency and capacity. In particular, donors have to provide timely and realistic information on aid commitments and disbursement and help to develop aid management capacity. But the real impact of Accra will be seen in terms of its development impact. In focusing on those issues which were most difficult or contentious in Accra, we can lose sight of important areas where our agreements came easily and quickly. Perhaps the most important of these is the most obvious - people are at the heart of the Accra Agenda for Action. Whilst improving the operational efficiency of aid delivery mechanisms is essential, the Agenda for Action recognises that what ultimately matters are the results and impacts on the lives of poor women and men.

OECD
(Organisation for Economic Co-operation and Development)

C

Chinese-African relations

The first years of the 21st century are witness to an unprecedented expansion of Chinese-African relations. Trade, private investments, public works, public development aid and emigration are some of the areas in which this growing relationship is evident. Since the end of the Cold War China has had a presence in Africa, but from 2000 it has become more visible. It is one element in the overall Chinese strategy of asserting its weight in the global economy.

Forum on China-Africa Cooperation (FOCAC)

In the year 2000 the FOCAC was established and held its first ministerial meeting in Beijing, where a pluriannual programme was set up that dealt with economic, social and political aspects of Chinese-African relations. The second meeting took place in 2003 in Addis Ababa; but it was the third meeting that represented a genuine turning point. It took place in Beijing in November 2006 and raised its profile by taking place at the same time as a parallel summit of heads of state, which virtually all of the sub-Saharan African heads of state attended. Moreover, the Chinese authorities had declared 2006 the “Year of Africa”.

In addition to the FOCAC, the frequent official trips to Africa made in recent years by President Hu Jintao, Prime Minister Wen Jiabao, and the Minister of Foreign Affairs Li Zhaoxing have also woven a dense network of bilateral relations.

The content of Chinese-African relations

The strategic Chinese-African partnership is based on economics and development, and for the moment its political agenda is a low-profile one. The Chinese economy’s spectacular growth in recent decades means that it needs an enormous quantity of energy and raw materials. These needs have led the Chinese authorities to search for strategic alliances that will guarantee supplies of primary materials and energy. In this context, Africa has become a privileged partner due to its abundance of natural resources. It can offer China secure supplies, and additionally is an emerging market for Chinese manufacturing. In exchange, Africa receives investments in infrastructure, public development aid and the guarantee of no political interference in internal matters.

As shown in Table 1, trade between China and Africa has increased spectacularly over the last 10 years.

Table 1. Chinese Trade with Africa (1997-2007, billions of current $)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Imports	2.5	1.5	2.4	5.6	4.8	5.4	8.4	15.6	21.1	28.8	36.4
Exports	3.2	4.0	4.1	4.9	5.9	6.9	10.1	13.6	18.5	26.2	36.5
Total trade	5.6	5.5	6.5	10.5	10.7	12.3	18.5	29.3	39.6	55.0	72.9
(i) Importance (%) of African trade for China	1.74	1.70	1.79	2.20	2.09	1.99	2.17	2.54	2.78	3.12	3.35

Source: Compiled by the author from WTO data.
(i): Total trade with Africa as a percentage of total Chinese trade worldwide.

The 2006 FOCAC meeting set the goal of increasing total African-Chinese trade to $100 billion by 2010, but since the total 2007 figure had already been passed in the first 8 months of 2008, it is now estimated that trade could reach $117 billion for the whole of 2008, that it 73% more than in 2006. If this estimate turns out to be correct, China will become Africa's second largest trade partner, the largest being the USA. The concentration of trade flows is notable: in 2006, 77.5% of the Chinese imports from Africa came from only five countries (Angola, South Africa, Dem. Rep. of Congo, Equatorial Guinea and Sudan). Furthermore, oil represents more than 70% of these imports, which is a clear sign of what this strategic alliance means (Alden et al., 2008:7).

Although nearly 90% of Direct Foreign Investment in sub-Saharan Africa comes from Europe and North America, the importance of Chinese investments has been growing, reaching $400 million in 2006 according to UNCTAD data.

Chinese investments in Africa in the past decade are to a large extent related to the trade pattern, and the strategic need for oil and raw materials, so that the major part of these investments are in the extraction sector (oil and mining). For instance, the Chinese National Petroleum Corporation (CNPC) has important interests in Angola, Nigeria and Sudan.

Another aspect of the emerging Chinese presence in Africa is the construction of infrastructure, particularly for transport or energy generation. Often infrastructure projects are carried out in the framework of development cooperation programmes receiving grants or concessional loans from the Chinese government.

Although the detailed figures for official development aid are not known, a mixture of aid instruments have been used in recent years by the Chinese government, ranging from soft credits (especially from the EximBank) to debt reduction and technical assistance programmes. Different estimates affirm that in 2006 the overall total of Chinese aid to Africa was in the region of $4.5 billion, still not much when compared to the $43.4 billion from the DAC countries (Davies 2008:6).

Other aspects of the Chinese presence

Chinese-African relations are not only about trade and economics. From China's point of view, the alliance with African countries represents a diplomatic victory over Taiwan, given that the African countries that want to establish relations with China have to renounce any ties with Taiwan. Another feature of this emerging and still not well understood pattern of Chinese-African relations is what can be called its micro-impacts, particularly migrations and small businesses. These micro-impacts are still not well studied, and statistical information about them is meagre, but they have considerable influence on the average African's perception of the Chinese presence. In August 2007, the official Chinese news agency Xinhua estimated that 750,000 Chinese citizens had emigrated to Africa. Some of this migration is related to the fact that numerous Chinese-owned and run small businesses have been spreading through the entire continent, even in rural areas, leading at times to conflicts (for instance in Senegal in 2004) because of the competition they generate with local small businesses.

Some critical questions

In recent years there has been an ongoing debate about whether the presence of China is an opportunity or a threat for Africa. On the one hand, there are clearly positive effects such as the macro-economic impulse coming from some investments; but there are other aspects that are often criticized, such as the absence of political conditionality, which permits China to establish relations with African countries that are manifestly undemocratic or that violate human rights, such as Chad or Zimbabwe. When this criticism comes from official western organizations it may sound as if a double standard is being applied, given the colonial and neo-colonial history of the West in Africa. The most common economic criticism which is heard is that many large public works contracts granted to Chinese companies have a minimum impact in terms of local employment since the companies temporarily bring in their own workers, a fact that causes some distrust among the African population.

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Artur Colom Jaén

Common Agricultural Policy (CAP), The

The origin of the Common Agricultural Policy (CAP) can be traced back to the 1960s, an era in which Europe had a deficit of the majority of food products consumed by its population. This policy of public support for agricultural production contributed to economic growth and guaranteed supply to the European consumer of a broad range of quality food products at reasonable prices.

The CAP has been the most important common European policy, not only from the budgetary point of view, but because it has been one of the essential building blocks of the European Union itself. Although in the beginning the CAP absorbed two thirds of the total European budget, it currently represents somewhat less than 40%, which is equivalent to 0.3% of the GDP of the EU.

Objectives

The objectives of the CAP are set out in Article 39 of the Treaty of Rome and are the following: to increase productivity, ensure a fair standard of living for the agricultural community and ensure that supplies reach consumers at reasonable prices.

The Rome Treaty also recognized other needs to address the structural and natural inequalities between the different agricultural regions, to take account of the social component of agriculture and to progressively adapt the CAP to changing future scenarios.

Evolution

Since its creation the CAP has continuously evolved for two main reasons: to adapt to changing circumstance in international food markets and to try to keep the CAP budget under control. This evolution has taken the CAP through a number of stages, differentiated basically by the the changing policies used to pursue the initial objectives.

The first stage extended from its creation in 1962 until the first reform that took place in 1992. These were 30 years during which the CAP support system was based on two basic policies: income support and border protection. Producers' income was supported by setting minimum prices for agricultural products combined with an undertaking to buy up surpluses, plus a system of variable import tariffs and a variable restitution (subsidy) system for exports.

Thanks to this protection system agricultural production increased and the EU became the world's largest importer and second largest exporter of agricultural products. But the system also had its negative consequences, especially the generation of ever larger surpluses. Surplus management in turn led to, among other things, increases in intervention costs, problems with competitors on the international market[1] and negative effects on the environment.

By 1992 the policy had become unsustainable, for both internal and external reasons. Internally, although price support led to increases in production it also demanded unacceptable increases in public spending. But the CAP reform of 1992, like the other reforms, was fundamentally due to pressures coming from aboard; in this specific case the pressure came from countries such as the United States and Australia in the context of the Uruguay Round of the GATT (General Agreement on Tariffs and Trade). The 1992 reform substituted the much criticized policy of minimum prices with direct payments to support farmers' incomes. The direct payments or aid were set according to the historic yields of the farms and their objective was to compensate farmers for the loss of income resulting

[1] The EU subsidized the exporting of part of its production in order to compete with world prices.

from the end of price supports. This type of support was seen as less hostile to the market than price supports and is still permitted by the so-called “blue box[2]” clause of the World Trade Organization (WTO). Furthermore, in accordance with the Uruguay Round agreements on customs tariffs, the variable regulatory levies of the CAP were transformed into fixed customs tariffs. During a five year transition period (1995-2000) they would be reduced to at most 15% less, and an average of 36% less, than the tariffs in force in 1986-88.

A further reform, known as Agenda 2000, saw further reductions in support prices and steps were taken to make aid to agriculture more environmentally friendly (the concept of eco-conditionality began to be employed) and rural development policy was strengthened.

But it was in June 2003 that a new stage began in the life of the CAP. What at first was not expected to be more than a review of Agenda 2000 became a serious reform. The policy which characterized this new stage was the so-called single payment per farm. The particular feature of this kind of support is that it is not linked to production and is conditional on meeting a series of environmental, labour, health and animal welfare rules. The initial amount of the single payment is calculated from the income obtained from each farm in previous years.

Again this reform was driven by the need to adapt the CAP to international trade negotiations, this time the Doha Round of the WTO which had begun in November 2001. This reform was an attempt to lessen the distortion of agricultural markets caused by the CAP. But from the point of view of the European producers, this system of single farm payments is of very questionable value. The aid is paid to the owners of farms that were already benefiting from the previous support system. This makes it very difficult for young people to enter farming; and that has negative social as well as economic consequences.

In 2008, the CAP was subject to a so-called “medical checkup”, which is just another stage in the long drawn-out dismantling of the traditional CAP, which is envisaged to end in 2013 with the revision of the community budgets.

The checkup produced a year in which many aspects of the CAP were fiercely debated: the total decoupling of aid from production, the question of whether to allow greater or less flexibility, the characteristics of eco-conditionality, the final suppression of the obligation to take land out of production, and the suppression of the milk quota in 2015. These debates have taken place in a very uncertain international context: international trade negotiations have stagnated, there is a proliferation of bilateral and regional trade agreements, the global demand for food is increasing and agrofuels have appeared as strong competitors for the use of the land and crops.

Summary of the process

Since its creation, the CAP has been in a process of adaptation to continuous changes in its internal and international context. The main features of this process have been: first, the combination of successive enlargements of the EU and frozen community budgets; second adaptations of

[2] WTO’s blue box contains those products, exempt from reduction commitments.

CAP policies to changing multilateral trade rules which demand the use of policies which have a less distortionary effect on world prices; and third, the constant problem of maintaining farmers' incomes as support policies are transformed.

As we have already explained, since the 1992 reform the CAP has evolved from a policy of regulating agricultural markets into one of supporting the rural environment through a system of direct aid to the farming community. Despite this evolution the CAP still faces old challenges, such as legitimacy, profitability and financing. Among its most serious are the following:

1. The CAP concentrates support on certain sectors, farms, countries and regions, thereby helping to maintain some economic activities which would not be competitive in free market, or at least more competitive, conditions.

2. At the same time, since the support which the CAP supplies is very unevenly distributed it tends to foster bad management of the rural environment as a whole, speeding up the progressive disappearence of small and medium sized farms in backward regions and giving strong support to the growth of competitive commercial agriculture.

3. It continues to give insufficient attention to the non-commercial concerns of many citizens such as the rural exodus, the conservation of the land and food security.

On the positive side, however, is the fact that an increasing amount of detailed information about the effects of the CAP are available, such as the identity of its principal beneficiaries. Such a growth in transparency will help to lead to a more effective allocation of resources.

Looking to the future

Since the CAP was created its evolution has been "imposed" by outside pressures, from the GATT in its day and now the WTO, and by the need to slow down community expenditure. None of its reforms has been so radical as to redefine its initial objectives. This means that at present it is not clear why the CAP was created in the first place nor what are the interests which this common policy is really serving. It does not seem to be well-adapted to a world scenario characterized by rapidly rising demand for food, high international prices and growing competition for the use of the land. This must raise serious doubts about the future of the CAP and that of thousands of European farmers.

Europe and the international context

For the moment it seems that the new CAP is not developing a response to such challenges, but, on the contrary, seems to be complicit in the disappearance of many small sized farms which are not competitive and incapable of adapting to new challenges. Therefore if the future of the CAP after 2013 seems uncertain, that of the family farms responsible for the maintenance of the European rural environment is even more so.

Although the changes which have been made to the CAP are to a great extent responses to the "demands" of the WTO, the European Union negotiates other types of agreements outside the multilateral framework; these include the EPAs with the ACP countries, partnership agreements with the ASEAN countries and agreements with countries of the Andean Community. The EU's purposes in signing such agreements is to find both markets for the export of its goods and sources of imports of raw materials.

There exists an entire social movement which demands greater transparency in such negotiations so that details can be analyzed; the movement sometimes demands that parts of the agreement are nullified on the grounds that they will seriously mortgage the future of development in many of the partner countries.

At the same time we must recall that in 2000, the International Community, including the European Union, adopted the Millennium Development Goals, eight objectives to reach by 2015. Eradicating extreme poverty and hunger is the first of these.

In a world in which many countries have very serious problems of food and energy supply it is imperative to demand fairer ground rules that would permit the least-favoured countries to protect their markets and to strengthen internal food production. Beyond that, 3,000 million persons live in rural areas and perhaps 1,500[3] million of them live in small farmers' households. If family agriculture is supported and maintained therefore there will be a major positive effect on employment and income, on the care of the land, on cultural diversity and, not least, on ensuring food for millions of people.

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WRF
(World Rural Forum)

Conditionality

Conditionality refers to the set of conditions that the donor imposes on the recipient in order for the latter to receive aid. Conditionality has always been present in some form in development assitance. Aid has never been conceded unconditionally, but forms of conditionality have changed and this evolution has had an important impact on the nature of aid.

Simple conditionality

From the early years of development assistance, between the 1950s and the end of the 1960s, it was generally accepted that the best way of making aid effective was to maintain a close link between the intended objective or destination group and the available resources, which were categorized

[3] Rural poverty figures, 2002.

according to sectorial priorities (health, education, sanitation, production, and so on). The most appropriate instrument for achieving this is the project. Each project establishes specific objectives, the resources that must be used to reach them, the agents who are to carry out the project and its expected results.

Around the end of the 1960s and beginning of the 1970s, a change in perspective occurred, opening up the aid panorama by including aid to programmes and to particular sectors. Country-programmes were drawn up and these attempted to define a cooperation strategy agreed between the donor and the recipient in the medium and long term, establishing priority sectors for aid. In some cases this change led to greater dialogue between donor and recipient as well as more genuine participation of the recipients. This did not occur everywhere; many of the poorest countries lacked the power to negotiate the conditions of their aid with the powerful western economies or the multilateral development agencies.

Channelling aid increasingly through larger programmes heightened the degree of interference in the internal policies of the recipient countries; what had been intervention in sectoral policies began to change into intervention in national policies. The recipients were increasingly expected to implementing particular policies which the donors considered essential for the aid to be effective. This was the precursor of a more thoroughgoing kind of conditionality.

Complex conditionality. First generation

This approach to aid implied a great change: instead of looking at the direct effects achieved by a project, the donors began to focus on broader goals, demanding that recipient countries introduce particular economic reforms as a condition of receiving aid. The change was gradual at first but accelerated during the 1980s with the imposition of conditions as part of the structural adjustment programmes. Aid was now aimed not so much at relief or at the solution of specific problems but more at achieving the change of orientation in the economic policies of the recipient countries. The donors argued that these reforms were essential in order to promote development. For the majority of the poorest countries the only way to escape from the debt crisis was to receive aid or external financing from the multilateral organizations, and this obliged them to introduce profound reforms, along the lines desired by the donors.

In this way the conditionality of aid was openly acknowledged and explicitly used as another instrument for dealing with the crisis . The International Monetary Fund assumed a decisive leadership role in this new course, only later being joined by the World Bank. The coordinated action of both multilateral institutions marked a way of understanding and practicing development assistance policy that continues to the present time and has influenced all the donor countries, which have adopted the practice of conditionality as understood by the multilateral organizations. This set of policies, making aid explicitly conditional, has become known as the Washington Consensus. It not too much to say that, in the majority of developing countries, economic policy came to be made under international control and administration.

Second generation

At the end of the 1980s and beginning of the 1990s, intervention extended into the political sphere, through what has been called the second generation of conditionality, which emphasized democracy, human rights and good government. These conditions reflect the objectives that the donors value most in principle, although that does not mean that they are always the ones that are most insisted on in practice. These new objectives are related to those of the first generation in the sense that they are considered to be necessary in order for the proposed structural economic reforms to successfully result in a free market economy.

The donor countries sought legitimacy for this kind of political intervention in the fact that a significant number of developing country governments were politically discredited and lacked any democratic legitimacy. Of course, despotic governments and repressive and authoritarian regimes were deplorably common in some regions. But a large part of the power of such regimes came from the control that they exercised over the modern sector of their countries' economies. For this reason, for a long time they have been accepted as necessary partners by the donor country governments. Until very recently, these regimes were sanctioned by some multilateral agencies and donor governments as needed interlocutors and counterparts for carrying out economic projects and programmes.

The conditionality of tied aid

One of the most flagrant examples of conditionality in development assistance is tied aid, a common practice in bilateral cooperation. Aid is said to be tied when the recipient country cannot spend the funds it receives freely, but rather is obliged to spend them on the purchase of goods or services supplied in the donor country.

This regrettable but common condition has been imposed by donor countries in order to obtain some kind of payback on the aid they give, which implies that, directly or indirectly, economic interests in the donor country will gain economically from it. The tying of aid to the donor countries' products is sometimes extended to services. The aid recipient may be obliged to transport goods bought with it in ships owned by companies in the donor country, even though this may be more costly than using ships owned by third-party countries.

The practice has been decreasing over time. In the 1970s it reached enormous proportions; around 80 percent of bilateral aid from the United States was tied. Since its establishment in 1960, the DAC (Development Assistance Committee of the OECD) has pushed the donor countries to collectively agree to reduce the percentage of aid which is tied.

At the beginning of the 1990s, about 26 percent of the bilateral aid of the donor countries was tied, although there were great differences between them. In 1991, the governments of the donor countries agreed to prohibit tied aid to upper-middle income countries; but the tying of aid to lower income countries continued. In 2001, the DAC recommended that donor countries untie all aid going to the least developed countries. The proportion of aid which is tied is tending to diminish; but the reticence of some donor countries still prevents the elimination or even a substantial reduction of tied aid.

The Paris Declaration and conditionality

On the side of the donors, the process of reviewing the content and practices of international development assistance culminated in the Paris Declaration of February 2005. The European Union reaffirmed its commitment to the Paris Declaration, by incorporating it into the *European Consensus on Development*. Through this document the EU decided to take the lead in compliance with the Paris Declaration. It established four new commitments that would in principle result in improved delivery of aid: “to provide all capacity building assistance through coordinated programmes with an increasing use of multi-donors arrangements; to channel 50% of government-to-government assistance through country systems, including by increasing the percentage of our assistance provided through budget support or sectorwide approaches; to avoid the establishment of any new project implementation units; to reduce the number of un-coordinated missions by 50%”.

In 2008, the European Parliament approved a resolution in which it called on the Commission and the Member States to progressively remove the policy of conditionality. However, the policy of forging ahead with its proposal to make aid conditional on the signing of Economic Partnership Agreements (EPAs) with the ACP countries has been much criticized precisely because it involves imposing a policy from outside rather than encouraging local initiatives.

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http://europafrica.org

Alfonso Dubois Migoya

D

Development Cooperation

Development Cooperation is the set of policies, activities, projects and programmes drawn up by donor entities and countries directed towards working together with poor communities or countries in need of aid to improve their social and economic contexts to achieve a dignified and autonomous life for all the people. Although it is not without contradictions, Development Cooperation is the most human face of international relations.

Development Cooperation is the specific area of international solidarity that takes the form of collaborative action in Development Projects on the one hand and Development Education on the other. The purpose of both approaches is to promote positive changes in North–South relations, which have historically been unequal and paternalistic.

Table 1. Development Cooperation

Development Projects Actions to transform the South	Development Education (DE) Actions to transform the North
Development projects	Awareness
Humanitarian Aid	Education and Training
Emergency Aid	Research
Food Aid	Political impact and social mobilization

Source: author's elaboration.

Evolution of Development Cooperation

The early forms of development cooperation were tied to the decolonization process, to the Cold War and to a faith that development, conceived as economic growth, would result from the good management of technological and financial resources. Most developed countries implemented cooperation or aid policies in order to maintain a privileged link with their former colonies or to attract countries to the capitalist or communist sphere of influence.

While governments and international organizations pursued policies of Official Development Assistance (ODA) another form of cooperation was carried out by civil society, that is by Non-Governmental Development Organizations (NGO), social movements and other civil or religious non-profit collectives.

In the poor countries cooperation, in particular Official Development Assistance, generated increasing dependence on their donors; this resulted in a type of neo-colonialism, due partly to the conditionality which is attached to aid (Dubois, 2002).

The governments of countries of the South, among them the ACP countries, did not comprehend that short-term improvements thanks to technology or financial aid might have bad results. For example, it would cause social inequality and massive migrations from the country to the cities, would foster corruption and greed and would increase political instability sometimes to the point of civil war with its terrible consequences (famine, poverty, disease, social destructuring, displaced persons and refugees, feminization of poverty and other punishments with which the impoverished countries continue to be suffer).

Unfortunately, neither macro-development projects in the form of grandiose public works, nor the micro-development projects in small communities were able to achieve take-off in the economies of the South. The era of the 1970s, offically declared the "decade of development", ended up being a paradigm of development failure. In the 1980s, many came to recognize the interdependence between development and underdevelopment, whereby the impoverishment of some countries is, to a great extent, the result of the enrichment of others. This realization stimulated an increase in serious work of awareness and training in the North. From this viewpoint it is impossible not to question the hegemonic development model that perpetuates inequalities and impoverishes a large part of the world population, especially women.

Fifty years of development aid and of failure to reduce inequalities between the wealthy and the impoverished countries has produced both institutional and citizen discouragement, defined as "aid fatigue". (Dubois, 2002).

The European Union and its Cooperation policies

The European Union (EU) is one of the multinational groupings that has devoted increasing resources to development cooperation. Europe contributes nearly 50 percent of international aid. In 2006, with €46,900 million, it was the largest of the donors (Cavero, Fanjul, Kreisler and Pérez, 2007).

In the 1960s, the European Economic Community established aid and cooperation relations with the ACP countries that were concretized in a succession of treaties and conventions from Yaoundé I up to Lomé IV.

Chronology of treaties between the EU and ACP countries
Yaounde I (1963–1968)
Yaounde II (1969–1974)
Lomé I (1975–1980)
Lomé II (1981–1985)
Lomé III (1986–1990)
Lomé IV (1991–2000)
Cotonou (2002–??)

Source: Compiled by the author, from Marín Egoscozábal, 2007.

The Yaounde and Lomé treaties were non-reciprocal ones that benefited the ACP countries since their products did not pay tariff duties when they entered Europe, while the European products did pay duties when they entered ACP markets. Through these arrangements Europe was able to maintain privileged ties with its ex-colonies (Marín Egoscozábal, 2007).

Despite the advantages of these treaties for the ACP countries, they did not reach the expected minimum levels of development and, of the 79 countries, 35 are among the Least Developed Countries (LDC). They remain the poorest and most vulnerable.

The EU, like other multinational institutions, has allowed itself to be dragged into the neoliberal revival and previous commitments to solidarity have been abandoned . After the signing of the Cotonou agreement in 2000 the EU was supposed to negotiate new agreements with the ACP countries that were consistent with the provisions of the WTO. The European Union has proposed that these take the form of Economic Partnership Agreements (EPAs). Compared with the previous arrangements EPAs are highly detrimental to the ACP countries (Marín Egoscozábal, 2007; Bidaurratzaga, 2008). Hence, the failure of cooperation, which hardly anyone disputes, has produced a crisis of credibility in the whole cooperation system.

The EPAs and the MDGs

In 2000, within the United Nations Organization, 187 countries supported a proposal to renew the international cooperation agenda by achieving a series of minimum levels of human development throughout the world. These levels are known as the Millennium Development Goals (MDGs).

The Development Education perspective and the MDGs share the idea that there is need for “...the general strengthening of development policies ...with special emphasis on the objectives of food security, health and education” (Cavero, Fanjul, Kreisler and Pérez, 2007). This perspective has found itself increasingly in a state of confrontation with a prevailing ultra-liberal globalization that violates human, cultural and development rights. The EPAs appear to be based on this ultra-liberal approach.

The former Secretary-General of the UN, Kofi Annan, has said that the EPAs “threaten to further hinder [ACP countries] ability to achieve the Millennium Development Goals” (Oxfam, 2006; Mold, 2007); and the British Prime Minister Gordon Brown affirmed that, on present trends, Africa would not achieve the Millennium Development Goals in the next 10 years, nor even in the next 100. (Cavero, Fanjul, Kreisler and Perez, 2007).

As the Minister of Commerce of Nigeria, Aliyu Modibo Umar, stated: “if 30 years of non-reciprocal free market access into the EU did not improve the economic situation of ACP, how can a reciprocal trade arrangement achieve anything better? [...] there exists the fear that the liberalization of trade and investment [...] could destroy the little development that some ACP countries have managed to achieve over the past years.” (South Centre, 2006 cited in Mold, 2007). Rather than stimulate development, the EPAs seem to suffocate attempts to improve Sub-Saharan Africa’s situation (Keet, 2006) and even seem likely to take the ACP countries further away from the goals set by the MDG agreement.

A wave of critical responses to the EPA proposals has come from governments, politicians, intellectuals, universities and NGOs, both in the ACP countries and in the European Union itself. The most surprising reactions came from senior members of the ruling British Labour Party, Glenys Kinnock MEP criticised the European Commisson for treating the EPAs as "conventional free trade negotiations based on market opening, rather than tools for development" and from the French National Assembly "if we were to persist down this path we would contribute to the splitting, if not the end, of the EU–ACP partnership" (Mold, 2007 and UK Parliament Publications and Records, 2009). Thanks to these politically influential reactions, the European Parliament has cast doubt on the proposal and has not been convinced by pressure from the Commission.

By launching initiatives with a high political impact, Education for Development, both in the EU and in the ACP countries, can improve the content of the agreements, making them more consistent with attaining the MDGs. The cooperation of equals is still more wishful thinking than a reality, although new technologies and the fluid relations between the local and the global have opened many hopeful avenues of change. The world of Development Cooperation still needs to reflect profoundly on its basic aims in relation to development and underdevelopment, and about the nature of its activities. Cooperation needs to be reconstructed to achieve an alternative form of cooperation which can make possible an alternative world of greater justice and solidarity.

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Miguel Argibay Carlé

E

Economic Partnership Agreements (EPAs), The

The Economic Partnership Agreements (EPAs) are the main instrument of trade cooperation between the European Union (EU) and the countries of the African, Caribbean and Pacific (ACP) group. They are essentially free trade agreements, compatible with the rules of the World Trade Organization (WTO); their purpose is the reduction and eradication of poverty, and the insertion of the ACP countries into the international economic system (objectives of Art. 34.1 of the Cotonou Agreement[1]). The novelty of these agreements consists basically of the opening of African markets to the entry of European products. They imply a major change from present practice since as soon as they enter into force the African countries are obliged to progressively eliminate the majority of the tariffs and quotas that European products now face for access to ACP markets. The EPAs thus introduce a new approach called "trade reciprocity", which implies a radical change in EU-ACP trade relations, up to now based mainly on unilateral non-reciprocal concessions. Until the implementation of the EPAs, the ACP countries protected their markets, while the EU had progressively eliminated tariff protection in its markets under the previous schemes in effect (the Yaounde and Lomé Agreements).

The Cotonou Agreement contains a mandate to negotiate EPAs which must enter into effect by January 2008 at the latest. The negotiation of the EPA agreements, initiated in 2002, were especially difficult in their final phase throughout 2007. The most controversial questions were the following.

[1] After the expiryation of the Lomé IV Agreement in 2000, the framework of EU-Sub-Saharan Africa relations were completely renewed by means of the Cotonou Agreement, which came into force in 2003. The new partnership agreement comprises is comprised of three essential pillars of development cooperation pillars: political cooperation, trade cooperation and technical and financial cooperation. The main novelty is found in the trade cooperation section, which included the mandate for both parties to begin to negotiate Economic Partnership Agreements (EPAs) or to look for alternatives bywith a deadline of 1 January 2008, on the groundsfundamental basis that the current Lomé Agreements were incompatible with the rules of the WTO.

a) The negotiation schedule: the European Commission insisted on concluding negotiations in order to initiate EPAs on time in January 2008, while the ACP countries demanded more time to negotiate.

b) The scope and content of the agreements: the Commission wished to negotiate *total EPA* agreements not merely concerning liberalization, the elimination of tariffs and other trade barriers but also including additional commitments in the areas of trade in services and other investments (designed to facilitate the entry of European companies into ACP markets) and even other issues related to intellectual property, competition policy and public contracting; but the African ACP countries demanded that these additional issues be excluded from the negotiations[2].

c) The fact that that the European Commission did not offer any alternatives to the EPA was also controversial since there was a clear demand to do so from some of the ACP countries and from a significant part of African and European civil society; a commitment to offer alternatives had also been included in the Cotonou Agreement.

d) The demand for an unequivocal pro-development approach from the European side during the negotiations was constant, but the formal leadership exercised by the Trade Directorate-General within the European Commission was strongly criticized on this score, as were a succession of statements by the Commissioner himself, Peter Mandelson.

Since January 2008, around thirty ACP countries have signed EPA agreements with the EU, but the EU has only managed to implement one *total* EPA, that with the Caribbean group. For the rest of the individual countries or regional groups of ACP countries, the EU could only agree those that were called *partial or interim agreements*, compatible with the rules of the WTO but which omit the most controversial subjects. These “interim” agreements (note that the Commission does not formally consider them EPAs) include only aspects related to the liberalization of the trade in goods (essentially tariff reductions by product and a schedule for opening the African markets to the entry of European products). However, the interim EPA agreements included a *rendez-vous* clause which undertakes to reopen negotiations until *total EPA* agreements were reached. This is why a new negotiating phase began in 2008 with the objects of going more deeply into the non-agreed items in the already initiated agreements, and of progressively incorporating the (mostly African) countries that had remained outside the agreements.

The official EU point of view

The EU maintains that the EPAs are not typical trade agreements (centred strictly on the liberalization of tariffs, for example), but rather have as their objective the promotion of regional integration and economic development, and that they also are strongly supported by financial aid from the EDF and by bilateral aid from EU member states. From the viewpoint of the European Commission, the EPAs do have a pro-development approach because ACP countries

[2] A detailed analysis of the most controversial contents of the Agreements, including the so-called “Singapore subjects”, can be consulted in the report referred torenced in the bibliography of Marín Egoscozábal’s bibliography (2008).

are able to exclude products considered "sensitive" from the liberalization process and they will continue to be protected by tariffs, and additionally because for other products the time periods for liberalization will be extensive. In addition, in the European view, the ACP countries need to attract investment, especially in the telecommunications, banking and construction sectors, and for that reason the *total* EPAs will help to generate a more stable and transparent investment climate and thus help to promote development in the ACP countries.

Principal criticisms and problems noted by NGOs

From a broader perspective, the major criticism against the EPAs is based on the idea that the EU intends to introduce into the EPA commitments and obligations more than what was specified in Cotonou, in particular measures that help European companies get access to the markets of ACP countries. The most critical opinions also claim that that the issues the EU is including in the negotiations have neither been legislated in detail, nor debated internationally within the World Trade Organization (WTO). Many of the proposals now introduced into the EPAs by the EU were rejected by the developing countries in an unprecedented lobbying effort in the WTO.

Some campaigns against the EPAs launched by civil society organizations in both the EU and the ACP countries made the following additional criticisms.

a) The EU is prioritizing the free trade and investment agenda over the objectives of reducing poverty and promoting sustainable development in the partner countries.

b) The EU disregards the repeated reservations of ACP governments about the effectiveness of EPAs and it does not propose any alternatives.

c) It has not been demonstrated that trade liberalization leads automatically to development.

d) The EPAs overload the African trade agenda, and weaken its institutional capacity to negotiate at the same time with the EU and within the WTO.

e) The agreements damage the regional integration processes of the African countries.

f) Finally, the EU underestimates the financial costs of the EPA, since ACP countries cannot, as the EU claims, be compensated without additional financial assistance.

Alternatives to the EPA

The trade treatment that the EU grants to the developing countries is not homogeneous. Since the implementation of the EPAs during 2008, therefore, those countries that did not reach agreement with the EU have gone on to make use of one of the various types of trade regime that the EU applies to developing countries.

Generally, to developing countries with which there are no signed trade agreements, the EU applies the Generalized System of Preferences[3] (GSP) which grants tariff concessions on access to the community market for imports coming from

[3] The Generalized System of Preferences (GSP), created at the request of UNCTAD in 1964, is one of the most important trade instruments in favouring exports of developing countries, but it is less favourable than the Lomé framework that the EU had been applying to the products from the ACP countries since 1975.

around 180 developing countries and territories. In its revised version in January 2006, the GSP comprised three types of trade regimes:

a) The general regime (less favourable in terms of trade concessions).

b) The GSP+ which gives further tariff concessions in exchange for sustainable development and governance commitments (the eligibility criteria for this regime are the ratification of international instruments on human rights, labour rights, environment, drugs, corruption and being considered as a vulnerable economy).

c) The EBA (*Everything but Arms*) initiative of 2000, whereby the EU concedes tariff and quota-free access for the majority of the products coming from the Least Developed Countries. The basic difference between the GSP, in any of its three forms and bilateral agreements (such as EPAs) is reciprocity. Under the GSP, the developing countries do not have to grant trade preferences to European products entering their markets, while in a EPA and in most free trade agreements they do. A simple summary of the different regimes is given in the following table.

Table: Modalities of trade treatment of the EU with developing countries: EPA and other alternatives

Reciprocal trade preferences	Non-reciprocal trade preferences	
Bilateral trade agreements: Examples: EPA with the ACP countries, Agreements with Latin American countries, among others Established with any type of developing country	Lomé trade regime (Only for ACP countries, and applied temporarily until 2008) GPS GSP Modalities: a) Everything but arms EBA. Only for Least Developed Countries b) GPS+ (plus) Any type of developing country that meets eligibility criteria c) General regime Any developing country	+ Trade advantages -

Source: Author’s elaboration.

In the ACP group of countries there are two different categories of developing countries: some Least Developed Countries (according to United Nations criteria) and others not in that category. For the Least Developed Countries the most favourable alternative to the EPA has been to continue within the initiative called EBA (*Everything but Arms*), a trade regime that the EU has been granting to all the Least Developed Countries (whether or not they are ACP countries) since 2001. However, some ACP countries which are in the Least Developed category have chosen to put an EPA into effect, so they have begun to grant reciprocal trade preferences, and are therefore liberalizing their markets (traditionally protected against the entry of European products).

To the ACP countries which are not Least Developed Countries the EU commenced in January 2008 automatically applying the trade regime that it has been applying to any developing country that was not an ACP country, namely, the Generalized System of Preferences (GSP). That means that to such a country trade preferences in the EU market are much less favourable than those of the previous Lomé system. This situation violates the Cotonou Agreement, which stipulates that, if an EPA is not agreed, alternatives must be devised that do not imply worse access to European markets that that available under Lomé (Art. 37:6).

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Ainhoa Marín Egoscozábal

F

Feminization of poverty, The

Increasing predominance of women among the impoverished population.

Of the people that live in poverty, whose total is estimated at 1,700 million, more than 70% are women. This datum constitutes, in itself, irrefutable proof that poverty in the world has a "woman's face", a phenomenon that is widely documented both in the countries of the South and in the industrialized countries (UNDP, 1995:43). The *feminization of poverty* concept refers to this fact, but also to three others:

a) The increase of the proportion of women among the poor population: the feminization of poverty is a process not simply a state of affairs at a particular historical conjuncture. There is a trend for the disproportionate representation of women amongst the poor to increase progressively.

b) The gender bias of the causes of poverty: women and men have different roles and positions in society, and the different impact of poverty on both is an inevitable result of this fact.

c) The greater exposure of women to poverty, due to the greater levels of insecurity, precariousness and vulnerability that they suffer because of their subordinate position to men in the gender relations system.

The concept of *breakdown position*, used by Amartya Sen (1990) to explain gender inequalities, is a valuable instrument for understanding the poverty risk among women. When a break occurs in relations that had maintained the unity of members of a domestic unit, the positions of each member can change considerably. Generally, the breakdown of a family or of a couple leaves women with fewer capacities, experience and connections in the labour market (due to their specialization in the care of children and domestic tasks) and consequently with fewer capacities than men to earn money. Women are also more limited as regards time and autonomy, since it is expected that they continue taking care of children.

The greater vulnerability of women to the poverty processes is determined by the adverse conditions in which they enter into the labour market, their extensive dedication to non-remunerated tasks, their food, education and healthcare deficiencies, and their lesser allocation of economic, social and cultural assets in comparison to men. In addition, from the beginning of the 1980s, stabilization policies and structural adjustment programmes in the majority of the countries of the South have had a negative impact on the female sections of the population with fewer resources, increasing their risk of poverty as well as the inequalities between the genders.

There are four scenarios in which the effects of neoliberal economic reform have been felt most sharply, in terms of the feminization of poverty:

a) *In the area of reproduction*. As a result of less household access to market goods and services, women have found their time dedicated to non-remunerated work increases noticeably. Such work consists of the care of the home and children, so-called *kin work* (activities tending to maintain strong links of solidarity among the members of the extended family) and work in the community management of services. This raises the question of whether, given the investment of their time and energy in non-remunerated family and neighbourhood work, women should be paid in the form of sustenance and aid in times of need.

b) *In remunerated work*. Women's access to economic opportunities has worsened during the last two decades: urban women have seen their access to financial resources restricted, by being employed in the sectors most affected by reductions of public spending (education, health and public administration); and the number of rural women who live in absolute poverty has increased by 50% (UNDP, 1995:43). On the other hand, investment in human capital continues to be unfavourably biased against women and girls, while the higher feminine unemployment and the growing presence of women in the informal sector generates strong disparity between the sexes in the availability of economic assets.

c) *In the allocation of social capital and social assets* (social links of the individual that facilitate access to income, goods and services), as well as *cultural assets* (formal education and cultural knowledge that permit a person to survive satisfactorily in her environment). Since it is evident that women and men possess different *asset portfolios*, economic reform has lowered to a greater extent the resources of women related to the care of the children and domestic tasks.

d) *In governmental policies*. It is evident that the cuts in social spending -characteristic of structural adjustment programmes- have reduced the access of women to the basic services needed to carry out their production and social reproduction services, and this has imposed greater workloads and privations on women than on men. Indeed, although the rules that govern such distribution vary noticeably depending on the culture, one household member can be poorer than another in many respects: he or she receives less to eat, obtains less healthcare and education, wears poorer clothing, has less free time or has less control over the purchases that are made with the combined income of the family group.

Although the Human Development Reports of the UNDP -in their sections documenting differential access to food, education, healthcare and recreation by boys and girls- have shown in a comprehensive manner that in a large part of the world there is no distributive justice within households, they continue to be the standard units of analysis. As a result the predominant systems of data collection mask the economic inequalities between women and men, and make it difficult in many countries to measure of the degree of feminization of poverty.

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Clara Murguialday Martínez

Food security

Physical, economic and social access to necessary food (in quantity, nutritional quality, security and cultural preference) for an active and healthy life, for all family members, at any given moment and without foreseeable risk of losing it. The main virtues of the concept consists in having contributed a conceptual framework applicable to the interpretation of the causes and dynamics of hunger and famine, as well as in constituting a reference point or objective that must be pursued by public policies and international aid.

The evolution of the concept has broadly proceeded in three stages:

a) After its first use in 1974, the formulation of the concept during the 1970s corresponded to what we can call *National Food Security* (NFS), understood as the *availability* of sufficient food supplies to satisfy the per capita consumption needs of the country as a whole.

b) From the beginning of the 1980s, the majority of the debates were oriented around a new formulation, *Household Food Security* (HFS), centred on *access* to food by the poor, an approach to which Amartya Sen's theory of Food Entitlements contributed decisively.

c) From the mid-1980s, numerous studies have highlighted new factors and approaches, as well as some criticism of Sen's theory, and these studies have broadened the initial conception of the HFS, taking it beyond mere access and food consumption.

1) National Food Security (NFS)

The first noteworthy definition of food security, proposed during the World Food Conference of 1974, was "the availability at all times of sufficient world supplies of basic food." It is a formulation of global food security, adopted under the psychological impact of the 1974 food crisis, caused by a decrease in world production and reserves, which made many believe in the plausibility of a Malthusian shortage on a global scale. This same formulation, but applied to each country, was in force during this entire decade and, to a lesser extent, in part of the following one. NFS consists of ensuring the availability of sufficient food supplies to satisfy the per capita consumption needs of a country at all times, even in the years of low national production or of adverse conditions in the international market.

The concept rested on a theoretical explanatory framework of food crises, prevalent from at least the Malthus era (the end of the 18th century), up to the 1980s, that Sen (1981:57) called *FAD, Food Availability Decline*. Therefore, the objective of the food security policies derived from this vision must consist in guaranteeing an adequate per capita food supply that is regular over time, through: a) an increase in national agricultural production (which some have argued means pursuing national *food self-sufficiency*), a point which has helped to stimulate processes such as the Green Revolution; b) the importing of food, creating the port infrastructures and the currency reserves necessary for this; and c) the creation of food reserves that permit covering temporary shortages until the harvest, imports or international aid arrives (Alamgir and Arora, 1991:7-8). The objective is centred on increasing the overall supply, not on the redistribution of food resources.

2) Household Food Security (HFS)

From the end of the 1970s, various authors criticized the insufficiency of the NFS concept and, above all, the incapacity of the FAD focus to explain either the causes of recent food crises, or the facts that they emerge only at certain moments or in certain places, and that their impact falls only on poor families. They stressed that famine and hunger generally are not the result of a lack of food supplies in the market, but rather the lack of resources of some sectors of the population to produce or purchase them. They also criticized the NFS perspective because, being based on data in per capita terms, it overlooks existing social inequalities in the distribution of resources, so that even when the average figures are satisfactory some parts of the population can be suffering hunger.

This criticism of the FADs crystallized in an alternative model when the Indian economist Amartya Sen formulated, in his decisive work *Poverty and Famines* (1981), his theory of Food Entitlement as an explanation of famines. Food entitlements are the capacities or resources of a family or individual to access food legally, either by producing it, purchasing it or receiving it as a donation from the state.

Starting from the study of a number of famines of the last century, Sen demonstrated that they are not usually due to a shortage of supplies, but rather to the sudden loss of entitlements by the most vulnerable sectors of the population. And endemic hunger reflects a permanent lack of entitlements by these sectors. In short, in both cases the problem is usually more the lack of access by the poor than the lack of supplies.

As a result of this critique, it became clear that NFS, although it continued to be a necessary objective, was insufficient to eradicate hunger. Hence in the first half of the 1980s the concept of Household Food Security (HFS) emerged. This new approach implied a double reorientation: it centred its analysis on the family (and later even each individual) instead of the country and it focused not on the availability of food but on access to it, as determined by the degree of socioeconomic vulnerability.

This step from NFS to HFS also represented a decisive transition from a natural to a socioeconomic approach to the understanding of famine and hunger. Among the many definitions of HFS, the most influential has been that of the World Bank report (1986:1) *Poverty and Hunger,* which is clearly indebted to Sen's theory: "...access of all people, at all times, to sufficient amounts of food for an active and healthy life. Its essential elements are the availability of food and the possibility of acquiring it".

Revision and broadening of the HFS concept

From the second half of the 1980s, several studies have criticized the World Bank's definition of HFS, and the theory of entitlements on which it is based, for having simplified reality and forgotten important factors. One of the criticisms, for example, is that the World Bank is limited to making a temporal classification of food insecurity (as either chronic or transitory), but not according to its intensity or gravity, something that in subsequent analysis is paramount (Maxwell et al., 1990:53).

At the same time, other previously overlooked factors and perspectives have been raised and these have been incorporated in formulations of HFS which have been widened, and made increasingly complex and rich. Among such new elements that now attract interest are the following:

a) Livelihoods. The HFS is no longer considered as an isolated objective, but rather as part of another larger and prioritized objective: that of having a secure livelihood, which guarantees obtaining the goods and income necessary to satisfy basic needs.

b) Confrontational strategies which vulnerable people implement in order to survive preserve their livelihoods as much as they can during food crises.

c) Intrafamily gender inequalities in the control over resources and access to food and other basic goods. Women are generally discriminated against in the control of resources and often also in access to food, a situation that becomes acute during food crises.

d) Health and its relation to nutrition. It is emphasized that nutritional status does not depend only on food consumption, but also on a person's health status (anaemia, vomiting, fever, diarrhoea, etc., affect nutrition).

e) The cultural value of food. It has been increasingly recognized that food not only contains nutritional value, but also important cultural value associated with the maintenance of identity, the sense of dignity and social relations within the community. In this way, the HFS must be based on food compatible with local dietary and production guidelines, and food aid must take the form of products which are culturally acceptable to the recipients.

f) The subjective perceptions of those affected by food crises with respect to their situation of risk and to their needs, which are frequently different from those that the governments or international donors may have. HFS, therefore, also entails the elimination of fear of not having access to sufficient food in the future.

g) Violence, as a principal cause of recent famines, which was not taken into account by Amartya Sen's theory of entitlements which was centred only on poverty. The understanding of the causes and the dynamics of food insecurity have widened with the study of the huge destructive impact of recent civil conflicts, especially in Africa. Violence destroys the means of production, convulses economic activity and social relations, provokes forced migrations and epidemics, hinders the implementation of confrontation strategies, hampers the action of the state and the provision of basic services, and makes international aid difficult.

h) The human right to food, which has legal, ethical and political dimensions, imposes, in the opinion of different authors, obligations to respect, protect and promote HFS, both in the countries in question and in the international community as a whole.

This growing sophistication of theoretical explanations implies the need for food security policies to meet ever greater challenges. As we have seen, the approach of NFS simply advocated technical solutions to increase the national supply. Later, the approach of HFS, derived from the theory of entitlements, stressed the need for economic measures to alleviate poverty. Lastly, in the 1990s even such measures seemed impossible to implement, espcially in the case of famines associated with armed conflicts or situations known as complex political emergencies. This was the consequence not so much of a shortage of food or of poverty, but rather of mass violations of human rights. In these contexts, for authors such as De Waal (1997:8-12), the answer is a more political approach, through which the society of the country in crisis and even the international community must pressure the government into respecting a type of "political contract". This argument sees the fulfilment of civic and political rights as well as socioeconomic rights as the best way to prevent famines.

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Karlos Pérez de Armiño

Foreign Debt

This is the monetary obligation incurred by a State as the result of the prior receipt of international financing from other States, private banks and international financial institutions, in the form of loans or through the issuing of bonds. Normally, the term foreign debt refers to the debt of developing countries, rather than that owed by the wealthy countries. Excessive accumulation of foreign debt is a handicap to the progress of many developing countries.

Foreign debt. EPA link

These two concepts, although apparently unrelated, have important links with each other. Both are partly caused by the absence of sufficient international economic order, financial in the case of debt and commercial in the case of EPA; and they also share a consequence in that they both limit the financial possibilities and political space needed for sustainable and lasting national policies to promote development and combat poverty. Both are phenomena with an impact on the present but whose origins date back to the North-South relations of the second half of the 20th century. And both can be considered as evidence of the unequal relation that still prevails between the countries of the North and the international institutions on the one hand and the countries of the South on the other.

The history of foreign debt

Throughout history, international financing has been a source of resources used for very diverse purposes. The tradition of institutions and states supplying credit to those of other nations is a long established one. However, the flow of money in the form of credit to developing countries is much more recent. This credit prepared the way for the "debt crisis", an event which began in the decade of the 1970s, then exploded in the 1980s and whose consequences are still being experienced today.

In 1973, for the first time, the oil producing and exporting countries, under the leadership of the Arab countries, had taken united action and engineered a major rise in oil prices, known as the 1973 oil crisis. This action was partly a political response by the oil producers to the Six-Day War in the Middle East and the western alignment with Israeli positions in that conflict; and it was possible because of the extreme dependence of the industrialized countries on oil, and OPEC oil in particular. The actions of the oil producers took the price of a barrel from 1 to 4 dollars, a rise which caused a huge shock to the world economy and led to exponential growth in the income of the producing countries.

The oil countries deposited this surplus income (petrodollars) in the banking system and the banks, in turn, were obliged to search for new borrowers to whom they could lend these excess deposits. Since there was a generalized recession in the developed world and borrowers were scarce, the excess petrodollars led to an unprecedented wave of credits to the developing world. The banks initiated this new type of business with vast resources but few precautions. They displayed "herd behaviour" in which a few took the lead and the rest followed. The loans to the developing countries were used in many different ways but the general tendency was to take few precautions about how they were to be repaid when money seemed to be abundant and limitless.

The process grew like a bubble. The price of oil reached 30 dollars at the end of the 1970s and the flow of credit to the developing world increased tenfold. But, at the beginning of the 1980s, the bubble burst. There was a sharp fall in the oil price, a "counter-crisis", and a spectacular increase in public spending in the United States partly due to a rise in the military budget, including the "star wars" project. So, with less money entering the banking system and a preferential client, the United States, increasing its own borrowing there was a sharp increase in interest rates and the debt crisis broke out. There was less and less money to lend, it became more expensive and the accumulated debt was very large.

The crisis broke out first in Latin America and very quickly the private banks, exposed to the risk of bankruptcy if their clients in the developing world stopped paying them, joined the Governments of their countries and the International Monetary Fund (IMF) in the search for a solution. For the indebted developing countries they agreed on a strategy of austerity (less public spending, increasing exports to other countries and reducing imports) and they gave them new credit in order to avoid non-payment. The was the so-called conventional or "*new money*" strategy. This initial policy was followed by similar ones, which became known as structural adjustment policies.

Adjustment guaranteed austerity in spending and also an increase in export production, but it had disastrous economic and social results. In economic terms, prices of raw materials fell due to massive supply from the developing countries facing more or less stable demand; and the diversification of production was slowed because imports almost came to a complete halt. Many developing countries implemented trade liberalization policies, disarming their tariff protection system. In social terms, spending cuts were especially severe for social expenditure, which was reduced or even minimized, and for most aspects of public administration, whose size and capacity, and therefore effectiveness and legitimacy, were severely cut back. Public subsidy and aid programs and the promotion of agriculture were all cut, and as a result much of the local productive fabric decayed and more production was left in the hands of the large exporting companies, in many cases foreign-owned. Health, education and social programmes were all hit hard and the negative impact of the debt crisis on human development can still be seen today.

The foreign debt crisis, therefore, caused serious social degradation, economic stagnation and institutional deterioration leading the 1980s to become known as a “lost decade” for development. The ill effects of that decade have still not been surmounted. Despite the fact that sacrifices have been made to pay off the debt, it has continued to grow, absorbing a good part of national budgets, reducing social investments and harming the strength, functioning, and legitimacy of public institutions. The serious consequences of such errors can still be seen, especially so when the importance of improving governance and public institutions, so damaged by the debt crisis, has become one of the dominant ideas about development.

In the 1990s, the gap between some developing countries and others widened considerably. The emerging countries on the one hand, and the least developed countries on the other, were the opposite poles of this growing division. At the beginning of the 1990s the former recovered their access to international financing as financial markets and liquidity grew, though this was at the cost of a growth in financial risk. The danger of this was borne out by the series of financial crises which occurred in Mexico, Brazil, Thailand and other countries in the 1990s. These financial cycles have become shorter and the emerging countries are now feeling the impact of the great financial crisis of 2008, which may foreshadow a new foreign debt crisis. Meanwhile, the least developed countries have remained over-indebted, are suffering a severe debt and development crisis and are dependent entirely on the very limited quantities of credit available from public sources.

Finally, it should be pointed out that the problem is not the mere existence of foreign debt, much less the possibility of accessing international credit. The difficulties lie in a deregulated international credit system without the control mechanisms which could avoid or at least mitigate the most extreme cycles of liquidity and which could penalize the unscrupulous behaviour of some lenders and borrowers, something that has been amply demonstrated by the first symptoms of the financial crisis that began in the autumn of 2008. Likewise, the poor resolution of the 1980s debt crisis has left behind a system in which dozens of countries are burdened by the weight of debt which is excessive in relation to the size of their budgets and in relation to their meagre financial credibility. All these problems are ultimately the result of the unsatisfactory solutions provided by the international community.

Lenders and creditors

These are divided into three categories: private, public bilateral and public multilateral. The private category is composed principally of banks, companies, investment funds and pension funds. In the past the private sector operated through loans, often syndicated (shared among various entities), but today it increasingly tends to be the states that issue the instruments or bonds which the above mentioned private agents sign or purchase in the financial markets. The price of these instruments fluctuates with changes in their supply and demand. The cost of a country's access to financing is also affected by other less objective considerations such as so-called country risk (the assessment made by private agencies of the financial credibility of a country).

The public bilateral lenders/creditors are states and they use two mechanisms: on the one hand, soft credit for development (for instance, the Spanish FAD credits) and, on the other hand, the risk insurance of exporters to the developing country. In the first case, the credits are concessional (obtainable at well below market prices), are linked to specific projects and are usually related to the purchase or lease of goods and services from the country granting the credit. In the second, they are purely commercial operations in which the state, through a public company (in the Spanish case the Compañía Española de Seguros de Crédito a la Exportación, CESCE, [Spanish Export Credit Guarantees Company]) insures against the risk of exporting to developing countries. In these operations the debt appears when the purchasing country does not make the payment on time; in that case the CESCE pays the exporter what is stipulated as payable by the exporting state and tries to secure the payment due from the purchasing state. Thus an initial commercial debt becomes a debt between two states.

Finally, the International Financial Institutions (IFIs) (the IMF, World Bank and the regional development banks) also grant loans. Some of these take the form of "programme support", that is, they cover balance of payments deficits, increase foreign currency reserves or support other general policies. These are the classic international loans which support ajustment programs and general macroeconomic policies. The IFIs also grant loans for specific projects. Both types of credit involve accepting the conditions stipulated by the IMF regarding budgetary control, privatization, the public deficit, liberalization policies and, on occasion, specific rules for different sectors, such as competition laws or public administration austerity measures.

The better is the economic situation of the developing country, the easier will be its access to private credit, which is more abundant than public credit and does not come with the same conditions. A country in a poor economic situation will only have access to scarce bilateral credits and the more plentiful multilateral finance and must, therefore, accept its conditions: buying the exports of the lender country in the case of bilateral credits and introducing wide ranging policy changes in the case of multilateral credits.

The negotiation system

There are three especially important locations arenas for negotiation of the foreign debt. The first is the Group of Seven (G7), which annually or bi-annually approves broad proposals about developing country debt and in exceptional cases proposes specific measures. In the summer of 2005, in the Gleneagles (Scotland) agreement, the G7 endorsed a reduction in the multilateral debt of 18 of the poorest countries. This agreement had still not been fully implemented by the autumn of 2008, although there had been significant reductions in multilateral debt in countries that had already reached the culmination or completion point of the HIPC (Highly

Indebted Poor Countries) initiative. The Gleneagles agreement was ratified in the annual joint assembly of the IMF and the World Bank. And it is the IMF which is the second major site for debt negotiations. In order to obtain a debt management and reduction agreement the developing country is required to agree to implement policies approved by the Fund. The form of such an agreement ranges from one of the various versions of the IMF's ajustment programme to an up-to-date letter of intent in which the developing country pledges to carry out the Fund's conditions.

The third forum of negotiation is the Paris Club. This is an informal group of creditor nations which discusses the details of implementing the debt policies emanating from the G7 or the IMF. The Club sets its own rules, normally at the suggestion of the G7, and negotiates on behalf of all the creditors nations together with each individual debtor country in difficulties.

It is only recently that the Paris Club has agreed to significant debt reductions; until the HIPC initiative was launched reductions were few. They tended to do no more than readjust the nominal value of debts to bring them closer to their real value. They did not achieve improvements in the sustainability of the affected countries' debt levels.

Plainly the entire negotiation system is controlled and managed by the creditor countries who naturally look out for their own interests and try to bring about the greatest possible repayment of past debt. Only exceptionally do they negotiate more openly, relating the reduction of the debt to the problems of the debtors such as poverty and development. The subordination of any negotiation to an agreement with the IMF in effect gives this organization a deciding role.

Bilateral creditors which are not members of the Paris Club, such as China, India, South Africa, Brazil or Venezuela, have been gaining importance as creditors. They are regional powers that also operate as lenders but they are not bound by the agreements reached in the G7, IMF or Paris Club. They are not obliged to follow *comparability of treatment* by reducing the debts of developing countries in the same proportion as the rest of the members of the Club. Hence, while the debt to the "old" donors falls, the new creditors can make new loans. This behaviour is called *free riding* by the multilateral institutions, which argue that it could undo the improvement in debt sustainability brought about by the debt reduction initiatives. This relatively new risk arises from the emergence as major world powers of countries such as those mentioned above.

Current situation

During the past decade, interest has centred on the debt of the poorest and most indebted countries rather than on the "middle income" countries' problems which surfaced in the series of financial crises. An exception to this is Argentina, which, after a long-heralded crisis that in the end erupted in 2001, renegotiated its debt by means of a mammoth "debt swap" in which it was able to revalue its private debt down to only 20% of its nominal value. This, the largest debt reduction in recent history, took place outside the usual and supposedly mandatory channels of negotiation.

In 1996 the IMF and the World Bank approved an emergency HIPC initiative to help 42 of the poorest countries, mostly in Africa, whose debt was clearly aggravating their serious problems of poverty and economic and social deterioration. Ten years later, only 18 countries have received all the debt reduction to which they are eligible and 11 other countries have received partial debt reductions.

Under this initiative for the first time reductions covered not only bilateral debts but also debts to the multilateral institutions. This was inevitable given the large volume of credit which the poorest countries have received from these organizations. Nonetheless, the measures implemented by the HIPC initiative were insufficient to attain its stated objective of guaranteeing debt sustainability. This sustainability was initially measured only in relation the value of exports. Recently governance indicators have been added in order to overcome the clear inadequacy of the thresholds originally established.

Another mechanism of debt reduction has been “debt swaps” through which the creditor waives debt repayment and agrees with the debtor to allocate part of the value of the cancelled debt to a development goal in the debtor country, which is released from the obligation to pay the rest of the debt (for example, if the debt owed is $100, the creditor waives repayment, agrees with the debtor to allocate $50 to social projects in the debtor country, and the other $50 are cancelled). This mechanism, whereby the debt is “swapped” for development actions, has been used frequently for more than two decades, with low income as well as middle income debtors.

Other debts

The question of the debt is usually conceived as a strictly financial one. But it is important to pay attention to other concepts -political, social, historical, etc.- in order to have a more complete picture of the term.

Historic debt is the debt implicitly owed by the wealthy formerly colonialist countries to their former colonies. It is not quantified and, of course, it has never been paid. But it was implicitly incurred by stealing and using the raw materials of the current developing countries to support the economic progress of the most advanced; and, more seriously still, by plundering the most valuable asset, the people, through slavery. This historic debt, neither explicit nor paid, is a decisive part of understanding the true nature of the debt relation.

Social debts are the needed services and social improvements which have not been provided to the poorest sectors of the population of developing countries by their own governments. In many cases the social debts are unpaid because of the limited commitment of the governments themselves to poorer sections of the population; but they also are directly related to the debt since servicing the debt takes up a sizeable proportion of the budget. The call to prioritize the payment of the social debt over the foreign debt has been a constant one, first in Brazil but more recently in Latin America as a whole.

Ecological debt is a more complex concept but, given the size of the environmental problems of the planet, it demands to be included. According to this concept, the wealthy countries incurred a debt derived from the low price paid for the exports of products which are either non-renewable or renewable with a long replacement period; this implies the loss of opportunities for future generations. Ecological debt also refers to the fact that industrialized countries produce the largest amount of atmospheric pollution but all countries, especially the most impoverished ones, suffer from it. In fact, the desertification of the Sahel or the violence of the hurricanes in Central America, whose constant increase is part of the climate change, are primarily caused by industrial activity and the lifestyle and consumption of wealthy countries. This also implicitly creates a growing ecological debt of the rich to the poor, which, if it were quantified, might exceed the amount of the financial foreign debt of the poor to the rich.

Feedback phenomena

The EPAs between the EU and the ACP countries contain free trade agreements that compel them to allow tariff-free access to between 80 and 96.5 percent of the imports coming from the EU. Tariffs must be lowered progressively with a deadline for the full reduction ranging from two to 25 years. These figures vary in each specific agreement and in the case of the regional EPAs (for example, the Caribbean) they are calculated as a regional average, the commitment of each of the countries involved being variable.

Since the developing countries generally have insufficient tax collection capacity, the income from custom duties represents an essential source of income on which their ability to finance public policies is heavily dependent. Ten percent of public revenues in sub-Saharan Africa comes from these taxes. The free trade agreements of the EPAs will quite suddenly and sharply reduce the resources of the countries involved. It is envisaged that the annual losses of the African ACP countries due to the drop in customs revenues will be $359 million. For Burundi, Cameroon, Congo, Kenya or Mauritius, these losses are equivalent to the whole of their public budget for healthcare.

The EPAs do nothing to help the reform of tax collection systems, nor have the EU or its Member States been willing to specify their aid commitments in the EPAs. The EU has, however, officially declared that no additional funds are available to finance the costs of the EPAs.

The scarcity of public funds brought about by the dynamics of the foreign debt has also had an important impact on the opportunites of the developing countries to benefit from world trade. Apart from the obstacles imposed by unfair trade rules, the developing countries suffer serious limitations in their supply (poor infrastructures, low technical capacity, insufficient market information, etc.). These increase costs, keep the value added of their production low, hamper their potential for regional integration and prevent them from meeting the hygeine standards needed to sell products in markets of the North. For the ACP countries to benefit from a virtuous circle of trade-generated development, they first need major public investments. Those cannot be made while their Governments continue to be in debt and while they are further deprived of already limited sources of secure financing. The total amount necessary to cover the costs of implementing the EPAs (including tax reform, sectoral reforms, training, etc.), plus the costs of the investments necessary to overcome supply limitations, plus compensation for loss of tariff revenues, has been estimated at €12,000 million annually, compared to no more than €1,700 million promised by the EU and its Member States as *Aid for Trade* to the ACP countries.

Proposals and alternate views

Two demands have been at the forefront of the activity of social organizations and movements in the later part of the 20th century and the beginning of the 21st: first, for the annulment, reduction or cancellation of the debt, and second, for just trade rules and relations.

These campaigns have included the defence of the principle of food sovereignty and have questioned everything from the functioning of the capitalist system as a whole to the virtues of the free market, passing through the legitimacy of the financial system.

The need for transparency and clear negotiating rules is another of the common demands from social movements, as well as the need for economic and social audits in order to measure the effects of debt and unfair trade relations. In the case of the debt, there is wide acceptance of the need to go beyond the Paris Club-IMF-G7 model, in order to clear the way for a neutral and independent negotiating system. This has even been taken up by the IMF, although it is not likely to be adopted. As to the EPAs, there is an growing demand that the EU should respect the interests of developing ACP countries and exclude from the negotiations proposals which goes beyond the commitments to trade liberalization already reached in the multilateral forum of the WTO.

There are precedents for greater justice in the treatment and renegotiation of international debts. A Norwegian initiative -annulment of debt created by corrupt credits- and another from Switzerland -recovery of fortunes amassed from credits by corrupt politicians- could be used as significant features of a new approach. In the case of the EPAs, there are as yet few positive models, although some relevant national and international voices (the European Parliament, the African Union, some European national parliaments and those of the ACP countries, experts, etc.) have spoken out against the EU's attitude in these negotiations. These steps, taken after international social pressure, suggest both that opportunities for improvement exist and that strong activism about such issues needs to be maintained.

In the final analysis, a basic ethical consideration is at issue: it is not acceptable for poor countries to pay the wealthy countries part of their meagre income when they cannot guarantee the minimum rights of their people or attain the Magna Carta of current development, the Millennium Development Goals, approved by all countries, rich and poor. It is also difficult to understand why the international community, in the name of promoting poor countries' development, proposes trade agreements which curtail their hopes for the future even more.

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Jaime Atienza Azcona and
Javier Pérez González

Free Trade Agreements

Free Trade Agreements (FTAs) are contractual arrangment between two or more countries to provide each other preferential market access, including for sensitive products[1]. Examples of such agreements are the EU-Chile Association agreement, the EU-Gulf Cooperation agreement and the EU-ASEAN agreement.

Regional Trade Agreements (RTAs) are agreements that aim at trade liberalization among countries in the same region on a non-discriminatory basis.They are mostly notified under Article XXIV of the GATT (General Agreement on Tariff and Trade of 1994). RTAs can also involve two or more countries located in different regions, and can discriminate third parties that are not part of such agreements.This raises the issue of exceptions to the following WTO principles: Most-favoured-nation treatment: the principle of not discriminating between one's trading partners; and to the

[1] Sensitive product category refers to products that in the framework of the WTO Doha Development Agenda (DDA) on agriculture would allow both developed (4 plus 2 per cent) and developing (one third more of their tariff lines) Members to deviate from the tired reductin formula in the final bound tariffs on products designated as sensitive.

National Treatment: The principle of giving foreign goods and providers the same treatment as one's own nationals[2].

Custom Unions or Common Markets i.e., the European Union (EU) are international governement associations aiming at reducing customs restrictions and tariffs on goods, while liberalizing services and establishing a common external tariff policy toward non member nations (Walter Goode, 1998). These measures aim at creating a common market characterized by free circulation of goods, services and people.

What are the Economic Partnership Agreements (EPAs)?

The EPAs indeed respond to the need for the EU to put the Cotonou and the Lomé Conventions in conformity with the WTO rules and regulations[3]. EPAs involve a custom union (the EU) and a group of countries, which is neither a free trade area nor a custom union (the African Caribbean and Pacific countries). The EPAs are inspired by the political philosophy that poses trade policy as a tool for the EU foreign policy, and a means for ACP countries to achieve development and job creation. The EPAs are therefore free trade agreements under hybrid interregionalism. As the EPAs signature is at different stages with different sub-regions, issues mentioned here are to be looked at from a critical perspective.

Trade and Development Critical Issues

The EPAs do not tackle the export subsidies issue in European agriculture. This issue is part of the Doha Development Agenda in the WTO. It remains highly controversial from a development perspective. This point is key towards the achievement of balanced and equalitarian societies. Agriculture remains the major women's employment source in developing countries, and faces the challenge of access to sustainable incomes. Why? Because export subsidies encourage overproduction, while disrupting local agricultural small scale production and livelihoods, particularly women's through artificial pricing of agricultural goods. In Ghana, for example the local poultry production was disrupted by the surge of poultry subsidied imports. This has impacted the livelihoods of women small farmers (feel free to add any other example if needed). Artificial pricing combined inter alia with low tariffs in ACP's agricultural sector have in many cases caused dependency on commodities imports, commodities that would have otherwise been produced and consummed locally.

In services, fair administration of domestic regulation and emergency safeguards are central to ACP's policy space. The negative list approach (all services are opened to foreign competition unless stated otherwise) demands ACP countries to assess impacts of services liberalization. The negative list approach, which diverts from the WTO approach which is the positive list approach (countries state which services they are ready to open up to foreign providers), would further endanger women's access to basic services, while jeopardizing their liveli-

[2] GATT Article I, GATS Article II and TRIPS Article 4. GATT Article 3 requires that imports be treated no less favourably than the same or similar domestically-produced goods once they have passed customs. GATS Article 17 and TRIPS Article 3 also deal with national treatment for services and intellectual property protection.

[3] This necessity resulted from the Dispute Settlement Case on bananas. For further details see: http://ec.europa.eu/trade/issues/respectrules/dispute/pr270808_en.htm.

hoods. Services and agriculture are strictly interlinked.

Protection of traditional knowledge and national infant industries is fundamental to provide a chance to the ACP industrial and employment promotion, while providing a chance for women's stable and sustainable incomes based on local traditional knowledge. In this perspective, particular attention should be paid at the proper management of Intellectual Property Rights in agriculture and protection of local technology, also intended as method and processes of production.

Rules of Origin. No multilaterally agreed guidelines exist in this apart from the Common Declaration with Regard to Preferential Rules of Origin annexed to the WTO Agreement on Rules of Origin The preamble to the Agreement recognizes that clear and predictable rules of origin and their application facilitates the flow of international trade, and states the desirability that rules of origin themselves do not create unnecessary obstacles to trade[4]. The development impact of the accumulation principle, which consists of taking into account the different stages of the production chain to assess the origin of industrial goods remains to be proved.

On Market Access of non-agricultural products, the ACP will have to face the challenge of supply constraints as their productive capacity is not competitive enough to face competition from emerging economies, i.e. India, China and Brazil into the EU. Meanwhile, tariff reduction in ACP non-agricultural sector impacted their government capacity to provide affordable essential services.

Indeed, rural populations employed in agriculture face the challenges of access sustainable incomes, through market access and to essential services, including water, energy, education and health. In many ACP countries, like Ghana, Ivory Coast, as a result of the opening to private companies of national essential services provision there has been a double speed system, one for the urban wealthy and one for the rural poor, in particular women. This situation combined with lack of access to sustainable incomes has further reduced their productive capacity, while weakening their economic, social and political participation and empowerment.

The push towards foreign direct investment and the consumerism model often without the appropriate regulatory framework will mostly probably further weaken national policy-making capacities in ACP countries, while keeping them in the traditional roles attributed within the international division of labour. These political and economic choices without appropriate regulatory frameworks and civil society participation might benefit only the already wealthy minority rather than support the well-being of the majority of ACP citizens.

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[4] The Common Declaration provides disciplines for preferential rules of origin; in particular, Article 3(c) requires that laws and regulations relating to them be published "as if they were subject to, and in accordance with, the provisions of Article X of GATT 1994".

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Mariarosaria Iorio

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Global Public Goods

The Public Goods are tangible and intangible goods, defined by two conditions: non-exclusion and non-competition. The non-exclusion principle deals with the technical, political or economical impossibility to exclude someone from using the good. The typical example is street lighting. The non-competition means that the use of the good does not limit the avaialbility of the same good for other persons. Knowledge is the classical example. The Global Public Goods (GPGs) are those which benefits, or costs, involve the whole humanity; which effects fall on different generations and which supply needs a strong cooperation between states.

A Bit of history

The Noble Laureate Joseph Stieglitz identifies five main categories of GPGs: economic international stability, the environment, the political stability, the humanitarian aid and the knowledge. Inge Kaul, Director of the Office of Development Studies at the United Nations Development Programme, and one of the most well-known theorists regarding GPGs, proposes the following classification: equity; social stability and justice; international financial and economic stability; climatic stability; infectious diseases control; knwoledge and information; biodiveristy; peace and security.

Historically, the first theories regarding the GPGs may be linked to the studies of David Hume on the “common goods”, in 1739. Several economists, such as David Ricardo, Thomas Malthus and Adam Smith discussed in the following centuries around the same topic. The modern theory of the public goods was developped in 1954 by Paul Samuelson in its *The Pure Theory of Public Expenditure*. In 1968, Garret Hardin published his famous article *The Tragedy of the Commons*.

The *Tragedy of the Commons* article explains how different individuals behaving in their own interest may damage or even destroy a shared or common good or resource. Namley, the article contains the example of several cattle breeders that bring their cows on a shared parcel of land. Taken one by one, the interest of each cattle breeder would be to bring the largest number of cows to feed on that parcel. Nevertheless, if all the cattle breeders would behave so, the final result would be the damage of the land and a loss for all the breeders. Thus, individual rational behaviour may not be the best decision for the community. Several other examples have been proposed in the last years, namely as part of the game theory.

After this article, three main solutions have been put forward. The first one is privatisation. In the reported example, only some breeders would own the parcel of land, exluding other breeders from using the same good and managing it as they prefer. The second solution, at the opposite, provide for a higher authority to decide when and how the breeders are aloud to bring their cows to the parcel. It may be the case of a state driven economy. Lastly, the third solution takes into account a cooperation between all the breeders, to decide commonly how to best manage the parcel.

Who shall bare the heavy burden?

After the definitions and the examples given, it is clear that a market based approach is hardly conceivable for the GPGs. By their nature, it is impossible to limit or to exclude someone from benefitting these goods. Therefore, the usual supply and demand mechanism could not work, and the question of who should bear the costs of supplying, preserving and protecting the GPGs is of the highest importance.

On a national scale, the problem has been solved throught the use of fiscality, and by recognising the authority of the State to collect taxes from the citizens and to fulfill the supply of the public goods to the population. Such goods may comprehend public education, health services, justice, social security, and others.

Different states have different conceptions of what should be considered as a “public good”. The example of health care systems differences between some European nations and the US is revealing. More broadly, most of the goods are not purely public or purely private. Social, historical, cultural factors may influence how much a good may be defined as “public”.

Moreover, the intervention of the state and the form of supply may also change. The state may directly produce and/or supply the good, as it is the case for public schools or for justice. The state may also intervene by financing or subsidising one good. This may be the case of the fight against some infectious diseases, where the state finances the research on new drugs. A third solution may let the private sector provide the good, while the state intervenes by regulating and supervising the supplies conditions.

The situation is completely different for the Global Public Goods. No international institution has the mandate and the authority to represent the whole human population. There is a lack both of representation and of coordination, or, in other words, the lack of an international sovereign entity as well as the lack of a proper multilateral system.

These international flaws have emerged in the case of different GPGs, such as international financial stability, climate stability and the fight against climate change, the fight against infectious diseases and others. An international agreement is needed to properly supply these GPGs. An example is the Kyoto protocol regarding climate change. This example clearly shows the difficulty of such international coordination, with the different states trying to shift on the others the burden and the cost of supplying the “climate stability” GPG, and the problem with “free riders” that do not adhere to the international standards and conventions.

Economic Partnership Agreements (EPA) a wrong highway?

Several proposals have been put forward in the last years, in order to guarantee the supply, preservation and protection of the GPGs. These proposals range from the reinforcement of the UN system, to the creation of ad hoc institutions and facilities. One fo the most interesting proposals deals with the implementation of global taxes. For instance, a taxation on polluting activities could help in reducing the emissions of climate change gasses, while raising resources to protect the environment. Similar proposals have been elaborated regarding the taxation of speculative behaviours onto financial markets, in order to foster international financial stability. A strong international cooperation and political will is needed to transform such proposals into conrete agreements, in order to ensure the supply and preservation of the Global Public Goods.

The Economic Partnership Agreements cover several issues that may be considered as Public Goods or Global Public Goods. These issues are for instance some basic services such as education or health care, the right to food and food sovereignity, and others. More broadly, the EPA directly deal with the capability of the States to provide, regulate and protect several Public Goods. The market based approach that the EU is trying to push may therefore lead to threaten the correct supply of these goods by the poorer States, or in any case to impede the same States to choose in full autonomy the solutions they may prefer to provide these public goods.

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Andrea Baranes

Governance

Governance on the development and aid agenda

In the last two decades, the concept of governance has come to the fore in debates on democracy and development, and it is now one of the subjects most emphasized by international donors. There is, however, a great deal of confusion about the definition of the term (how does it differ from government or governability?) and about what governance consists of.

As an object of development and aid initiatives governance can be conceived of in different ways, depending on which concepts of development and aid are being used (Graña, 2005; Hyden and Court, 2004; González Martín, 2006).

Insofar as it relates to development, governance can mean those factors which determine the ability of the state to unite society sufficiently for it to be capable of making necessary minimum economic changes; alternatively, or sometimes at the same time, the question of governance can be about whether or not a strong, democratic and participative society exists with legitimate political authorities which are capable of effectively leading a development process. Traditionally, these have been the two approaches to governance and its relation with development. They can be seen as the the neo-institutional approach which starts from the idea that progress in creating markets and economic growth will follow the institutional improvement at the level of the state (North, 1990), and an alternative view, based on the ideas of human development, which maintains that governance is more about participation and the degree of decentralization in decision making. In short, that it is about the redistribution of power (UNDP, 2002).

Apart from its use in discussions of institutional improvement and democracy as development objectives, the concept of governance also frequently crops up among the items that the donors impose on or "suggest" to the partner recipient countries as conditions for continuing to receive aid or participate in strategic partnerships.

Specifically, states or political situations are sometimes perceived as being "fragile" or a threat to global security and in recent times donors have been especially senstitive to the question of governance in contexts of democratic transitions and/or of international or civil conflict. Especially in situations of political and economic instability, "good governance" is often simply reduced to meaning the form of state control which the donors regard as appropriate for the recipient developing countries.

Recently, "good governance" has also been seen as a prerequisite for aid to be effective in reducing poverty. The inclusion of such principles as this in the Paris Declaration has given rise to a new form of conditionality that produces results which are the exact opposite of two of the Declaration's principles – that of democratic appropriation of the development processes by developing country governments themselves and that of aid management aimed at producing specific results (CSO International Committee, 2008). Little has changed, therefore, in the pattern in which aid givers impose their priorities on the recipient partners.

Some authors maintain that aid with political conditionality attached is making a positive contribution to political reforms in the developing countries (Isham, Kaufmann and Pritchett, 1997; Goldsmith, 2001; Dunning, 2004); others, more prudently, have questioned this, suggesting that what is needed is a new form of aid with positive conditionality measures that favour governments which committed to political reforms and good governance, and those that have taken control of their development processes (Nelson and Eglington, 1992; Santiso, 2001).

It has also been noted that negative conditionality (sanctions, embargos, cuts in aid and so on) has only had influence on low-quality democracies but not on authoritarian governments, which are those that most need to change their record on human rights, democracy and governance (Mayall, 2000). This is why there is increasing interest in how to promote development through foreign assistance in countries where democracy is absent.

A final, more critical argument warns of the the perverse effects (or moral hazard) involved in using international aid during the processes of democratization and strengthening institutions. Among these perverse effects are: the promotion of corruption in the recipient countries; an increase in their already high dependence on outside finance (Hanlon, 2002); the setting up of "exclusionary democracies" (in which the poor can play no significant part); and states with little legitimacy that permit a certain level of political competition but are incapable of responding to the economic and social demands of a population which is excluded from the decision-making process (Abrahamsen, 2001). In one way or another, these arguments all conclude or hint that the promotion of good governance is little more than a pretext to meddle in the sovereignty of the post-colonial states, and a complement to economic liberalization and the global expansion of the market economy.

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Jokin Alberdi Bidaguren

H

Human development

Human development refers to the process by which the capacities of people are expanded or broadened so that they may have more freedom to choose their own way of life. Consequently it questions whether development depends basically on the expansion of physical capital, highlighting more the importance of human assets. This focus places people in the centre of the stage: they are both the subject of the policies and the fundamental instrument of their own development. This view of development centred on people, therefore, substitutes for the view of development centred on goods. Its appearance at the beginning of the 1990s, promoted by the United National Development Programme (UNDP), signified a radical change in development priorities.

Genesis and Evolution

The human development paradigm arises in the context of a process of criticizing the dominant ideas of development economics. Although some of its origins may be found far back in time, the most immediate ones are found in the basic needs school of thought, which, at the end of the 1970s, emphasized how economic growth is not always accompanied by an improvement in social results. This way of thinking make the need to include the satisfaction of people's basic needs as priority objectives of development strategy, in addition to the objectives related to economic growth.

Later, during the reign of the neoliberal policies of the Washington Consensus which dominated the decade of the 1980s and 1990s, new lines of criticism appeared. Some posed the need to include social policies in the adjustment programmes, and this was later accepted by the international organizations as the social dimension of adjustment. Others critics pointed out not only the ineffectiveness of neoliberal policies in achieving sustained economic growth but also their failure to reduce poverty in many countries. Into this debate the Pakistani economist Ul Haq, in 1989, introduced the idea of entrusting the UNDP with the preparation of an annual report on human development.

Although it cannot be said that the UNDP was the inventor of human development, the truth is that its annual reports have served as a platform from which to disseminate the idea and made it into a mandatory reference reference point in the current debate on development. In the elaboration of this new development focus, one must highlight the 1998 Nobel economics laureate Amartya Sen, whose criticism of the concept of welfare based on accumulation or opulence, and proposal for welfare centred on the person, have aroused great interest. In fact, the focus of human development promoted by the UNDP was inspired by his theoretical contributions.

A new development concept

The UNDP's definition of human development has become a general guideline. The standard for deciding when development occurs is found in the real impact on people of the goods and services they consume. This real impact on people becomes the decisive criterion for evaluating economic activity. Knowing the volume of what a country produces is worthless if the living conditions of people do not improve. For this reason, while for a long time the central question of development has been "how much does a nation produce?", it now becomes "how are the people?"

The UNDP defines human development as: "...the process of enlarging people's choices, by expanding human functionings and capabilities... It represents a process as well as an end. At all levels of development the three essential capabilities are for people to lead a long and healthy life, to be knowledgeable and to have access to the resources needed for a decent standard of living. But the realm of human development extends further: other areas of choice highly valued by people include participation, security, sustainability, guaranteed human rights, all needed for being creative and productive and for enjoying self-respect, empowerment and a sense of belonging to a community. In the ultimate analysis, human development is development of the people, for the people and by the people." (Human Development Report, 2000).

This statement adds new dimensions to the concept of development: it concerns not only humanity's present but also its future; and it includes all aspects of human creativity. It questions whether there is a direct relation between the increase in income and the broadening of the options open to people. It is not content to analyze the amount of growth, but considers it more important to take into account the quality of that growth. It is not that it has no interest in economic growth, but rather that it emphasises the need for growth to be evaluated according to whether that growth contributes or not to people's fulfillment.

A new concept of welfare, the basis for an emancipating proposal

The cornerstone of the case for considering human development a real alternative proposal is found in its definition of the concept of welfare. Human development's definition of welfare is having the opportunity for self-fulfillment as a person. It consists in defining as positive those functions and minimum capacities, to use Sen's terminology, which enable all people to embark on their particular search for the way of life that satisfies each of them.

The priority objective of human development for each person to put into operation the potential that he or she possesses; a person is poor when prevented from pursuing this potential. Whether people have the opportunities to pursue their own lives cannot be left to fate or to mere charity. Thus defined, individual welfare is ethically meaningful and a goal that can be demanded from international society. The global economic order, as well as that of each country, must be evaluated according to its achievments in promoting the welfare of the people.

The most important question of the 21st century, as Kapuscinski pointed out, is what to do with the people. Not how to feed them or how to build them schools and hospitals, but what to do with them. The point is not giving them material goods from ouside; if people have not participated in deciding what they want, we have taken away their liberty to be what they could be; we have left them without a future. In the last instance, this means that some people are denied the future, they are excluded. From this perspective, international aid for development no longer makes sense if it is based on a vision which has the wishes of the aid donors at its centre.

Sustainable human development

Sustainability is necessarily a substantial implicit part of any broad concept of human development and, consequently, it should not be necessary to make sustainability explicit as is done when one speaks of "sustainable human development". Development that is based on human capacities makes no sense if these capacities cannot be maintained; to separate development from sustainability is to fall in the contradiction of posing development for some people and not for others, or else for a certain time and not for another.

The origin of the expression "sustainable development" was found in the Brundtland Report (*Our Common Future*), which was the discussion document of the World Conference on Environment and Development held in Rio de Janeiro in 1992. The definition that was then given to sustainable development is development that is "capable of satisfying the needs of the current generations without compromising the capacity and the opportunities of future generations to meet their needs". More specifically, sustainable human development can be understood as development that is capable of satisfying people's needs, of continuously improving their living conditions, starting from an equitable distribution of people's opportunities, and always taking as its objective an increase in human capacities as the basis for an fuller life. To accomplish this, it offers an overall view in which the dimensions of culture, ethics, political economy, ecology, and others, are all integrated. This goes beyond being a mere theory of development and presents itself as a paradigm.

The Human Development Reports

Since 1990, the UNDP has published annually a *Human Development Report* that has a dual purpose: it is partly theoretical, unfolding and establishing the theoretical foundations of the approach and partly political, proposing policies designed to implement the objectives of human development.

Since its appearance, human development has rapidly gained recognition in important sectors of both development-related institutions and civil society organizations. From these two sectors numerous proposals and mobilizations have helped to ignite the hope of bringing more justice into development practice. In other words, human development has given birth to a more critical consciousness which has begun to confront the dominant paradigm, offering both a theoretical alternatives and a consistent alternative set of policies.

The UNDP has played a crucial role in developing these alternatives and its reports have served as a counter-proposal to the conformism of the international institutions most representative of the status quo, the World Bank and the International Monetary Fund. But this critical function has its limits. The UNDP's position is more convincing in its claim because ethics, equity, inclusion, human security, sustainability and development are all considered as parts of development. Its stand against the commercialization of essential aspects of human life is a strong counter-argument to the proposals for the unlimited expansion of markets which emerge from the multilateral institutions. In view of the absence of an ethical perspective in the concepts of poverty and inequality used by the institutions of the Washington Consensus, the UNDP's position represents a qualitative and profound difference. But more needs to be said about the principal causes of current processes of impoverishment, such as the policies of the wealthy countries and of the multilateral institutions, as well as about the behaviour of the transnational companies and capital. This is the perspective from which the treaties that the European Union proposes to the ACP countries, under the name of Economic Partnership Agreements (EPA), should be reviewed, criticized or challenged.

The Human Development Index (HDI)

Per capita income has for a long time been the principal indicator of the level of development. Changes in per capita income are presented as the most important indicator of progress in development. Those who defend a view of development different from the official or dominant one have, therefore, constantly tried to find another development indicator that includes some of the aspects of welfare not captured by income per capita.

The Human Development Index, formulated in 1989, is the most important attempt so far to produce a synthetic indicator based on the theoretical approach of human development. The HDI has three components: health, education and income. It is measured using the following four indicators: life expectancy at birth for health; the adult literacy rate and the combined enrolment rate in primary, secondary and tertiary education; and the logarithm of actual per capita income measured at purchasing power parity. But the interpretation of per capita income in the HDI is very different from that of the conventional development indicator: income is not regarded as an indicator of personal welfare, but rather as one of the factors which permits the raising of human capacities.

The HDI has been widely used but it has important limitations. The index still produces a single figure for an entire country. In other words, just as with the per capita income, it is not sensitive to internal distribution within the country. There is no way of knowing if a high average HDI is the result of one part of the country having exceptionally high levels of development while another part has low levels, or of the major part of the population enjoying similar levels of development. Without doubt, the introduction of inequality as a variable would result in an index more closely adjusted to human development in each country.

In addition to the Human Development and Human Poverty Index, the UNDP reports have devised two other types of indicators. In the 1991 report, the Human Freedom Index (HFI) was proposed to evaluate the degree of fulfilment of Human

Rights, but it disappeared after a mere two years, following heavy pressure from governments that did not wish such public attention to be drawn to their democratic deficiencies. Its abandonment leaves one of the most important gaps in the reports.

The 1995 report introduced the Gender-Related Development Index (GDI) and the Gender Empowerment Index (GEI) with the purpose of reflecting inequalities based on gender. In the context of the human development it was essential to draw attention to the manifold forms of discrimination against women. If nothing is done to show the gender-related differences in human development, the situation of nearly half of humanity remains hidden; and it is the half which on numerous counts fares worst in the distribution of human development.

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Alfonso Dubois Migoya

Human Rights

Human Rights (HR) are understood as those rights pertaining to all human beings for the simple reason that they belong to the human species. In the words of Norberto Bobbio "the Universal Declaration of Human Rights can therefore be considered the greatest historical test that ever existed of the *consensus omnium gentium* [consensus of all peoples] in relation to a given value system" (Bobbio, 1996:140). Along this same lines, the legal expert Abdullahi An-Na'Im affirmed that a degree of universal consensus had been achieved on human rights, which included three generations of rights (An-Na'Im, 1999). According to Victoria Camps (1994), the moral values that stem from the *Universal Declaration of Human Rights*, and which can be taken as guide values for Education for Development, are the following: dignity, freedom, equality, responsibility, tolerance, justice, solidarity and peace.

1. The human rights generations

There are different ways of classifying human rights; one of the best known is based on distinguishing different generations of human rights. The term generation refers to the historic moment in which the rights were declared in various regulatory instruments. It is a classification that tries to explain the evolution of human rights although it has been criticized because it seems to compartmentalize human rights that, by their very nature, are indivisible and interdependent. This text uses it as an aid to interpret the concept of human rights but in no way does the text try to question the indivisibility and interdependence of human rights, a point to which we will return when we address the relation between human rights and development.

First-generation human rights

The *Declaration of Independence of the United States* of 1776 and the *Universal Declaration of the Rights of Man and of the Citizen*, promulgated after the French Revolution of 1789, are two of the first texts in which HRs of a *civil and political character* appear. They are based, fundamentally, on the value of *freedom* and some of the rights mentioned are: the right to life; liberty; security; equality under the law; not to be subjected to torture, or to cruel inhuman or degrading punishment or treatment; not to suffer arbitrary detention; the rights to free circulation, asylum and private ownership; the freedom of thought, of conscience and of religion, of expression, of opinion; and the right to participation in public affairs.

Second-generation human rights

Through the influence of the workers' movement and democratic socialism, new *economic, social and cultural rights* were added to the previous list, based, to a great extent, on the value of *equality.* These are HRs such as the right to work; to protection against unemployment, to equitable and satisfactory remuneration; to union membership; to rest and enjoyment of free time, to the reasonable limitation of the duration of work and to paid periodic vacations; to medical aid, health, dwelling and clothing; to free education for at least the elementary level and to cultural participation. For the fulfilment of these rights, greater interventionism from the state is demanded. Therefore, public services need to be created and the promotional function of the state is increased. These rights represent the transition from a state based on the rule of law to the *social state based on the rule of law*.

Both first-generation and second-generation rights are included in numerous constitutions in the world, in the *Universal Declaration of Human Rights*, enacted by the General Assembly of the United Nations in 1948, and in numerous international treaties. Among these, special mention should be made to the International Covenant on Civil and Political Rights and the Covenant on Economic, Social and Cultural Rights, both of 1966. The degree of protection of first- and second-generation rights differs substantially. Thus, in the majority of the constitutional ordinances there are legal mechanisms that guarantee claims concerning violations of first-generation rights, while the satisfaction of second-generation rights is more commonly left to the discretion of state intervention.

The third-generation human rights

It was in the second half of the 20th century when a process of internationalization of HRs commenced; a the so-called third generation of HRs can be seen to be embodied in a number of declarations (such as the Declaration of the UN General Assembly in 1984 or the 1982 Rio Conference Declaration or the 1986 Declaration of the Right to Development). This third generation of rights includes the right to development, to the environment, to peace, to the common patrimony of humanity, etc. The principal value that sustains these rights is *solidarity.* Their owners are not only the present citizens of the world but also the future generations. The nonexistence of suprastate protection mechanisms for this type of rights and the absence of a coercive power on the world scale make the enforcement of third-generation HRs very difficult. For this reason, numerous legal experts consider that one cannot really speak here of rights, that it is a question of mere rhetoric; however, others suggest that the third generation rights are HRs in formation or emerging rights. Some even say they are subjective rights with different owners: states and international organizations, on the one hand, and peoples and persons on the other (Gómez Isa, 1999).

2. The relation between human rights and development

The UNDP (2000) observed that, up to the 1990s the fields of development and human rights had diverged. Their strategies and analyses were different: economic and social progress on the one hand, political pressure, legal reform and ethical questioning on the other. In the 1990s, with the incorporation in the international development cooperation agenda of the idea of governance, HRs entered into the development discussion. Development was identified with democracy and thus with the fulfilment of first-generation rights. However, the focus of Rights-Based Development goes beyond this by advocating the indivisibility and interdependence of all HRs, by making the question of power the central element of the analysis and by emphasizing the question of responsibility or accountability (Groves and Hinton, 2004). Let us examine, below, each of these points.

Firstly, recognizing the *indivisibility and interdependence* of the HRs means insisting in the development agenda on the validity and exercise of all human rights even though they may not be legal rights. Commitment to the interdependence of human rights implies protecting those who do not enjoy the rights in practice, investing economic resources, adapting and transforming institutions and practices to ensure not only compliance with civil and political rights but also the realization of economic, social and cultural rights.

Secondly, introducing the analysis of *power* into the development agenda allows us to pass from a technical understanding of development to a political one (Rosalind Eyben, 2005). The basis for the reduction of poverty is no longer derived only from the fact that the most disadvantaged persons have needs, but also from the fact that they have *rights which give rise to legal obligations* of others. Therefore, our analysis must include the unequal relations of power, the obstacles that prevent the most excluded people from enjoying their rights and the identification of ways to confront this inequality.

Thirdly, the focus of HRs in development refers to *responsibility or accountability.* If one has rights, then one also has *obligations* and all the participants in the international cooperation system, especially the most powerful, are required to be accountable. Before whom? Leslie Groves and Rachel Hinton (2004) suggest multiple accountabilities: 1) before the citizens who pay taxes in the countries of the North; 2) before the governments of the countries of the North; 3) before the governments of the countries of the South; 4) before the disadvantaged of the countries of the South; and lastly, 5) before the International Human Rights System, which comprises the obligations contained in the HR treaties enacted by the United Nations and its regional organizations.

Rights-based development and Development Education

Development Education, understood as education for global citizens, shares with the rights-based focus the idea that *the sense of participation is a right*. Education to train citizens with a global sensibility, who recognize themselves as belonging to a world community of equals and assume their role in the development of social and political life, means that, locally and globally, the right to participation becomes real. For the citizens of the North, it means being aware of the exceptional power they have to change things and of the ways that they can use it. It also means demanding that governments, aid agencies, multinational institutions and the NGOs accept their responsibility to ensure the effective fulfilment of human rights.

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Alejandra Boni Aristizábal

L

Lomé and Cotonou Agreements, The

The traditional framework for the relations between the former “mother countries” of the current EU and sub-Saharan Africa was developed from 1975 to 2000 in a succession of Lomé conventions (Lomé I in 1975, Lomé II in 1980, Lomé III in 1985, and Lomé IV in 1990, subject to review in 1995). The Lomé model was preceded by the Association Frameworks of 1957 between some Western European countries and Overseas Countries and Territories and also by the Yaoundé I and II Agreements, of 1963 and 1969, respectively. The Lomé model regulated relations between European countries and the African, Caribbean and Pacific (ACP) countries over a quarter of a century. The number of ACP countries in the agreement rose from 46 to 79 and it currently involves a total of 48 African countries, and approximately 75% of the so-called Least Developed Countries (the African countries of the northern part of the continent, together with others of the Mediterranean area, have their own institutional framework of relations with the EU).

Table 1: Countries of the ACP group: Least Developed Countries and other developing countries

Least Developed Countries (LDC)				Developing countries		
Africa (34)		Caribbean (1)	Pacific (6)	Africa (14)	Caribbean (15)	Pacific (9)
Angola	Malawi	Haiti	Solomon Is.	Botswana	Antigua/Barbuda	Fiji
Benin	Mali		Kiribati	Cameroon	Bahamas	Papua New
Burkina Faso	Mauritania		Samoa	Congo-Braz.	Barbados	Guinea.
Burundi	Mozambique		East Timor	Ivory Coast	Belize	Tonga
Cape Verde	Niger		Tuvalu	Gabon	Cuba(*)	Marshall Is.
Chad	D.R. of Congo		Vanuatu	Ghana	Dominica	Cook Islands
Comoros	Cen. Afr. Rep.			Kenya	Grenada	Fed. States of
Djibouti	Rwanda			Mauritius	Guyana	Micronesia
Eritrea	Sao Tome & P.			Namibia	Jamaica	Nauru
Ethiopia	Senegal			Nigeria	St. Kitts/Nevis	Niue
Gambia	Sierra Leone			Seychelles	St. Lucia	Palau
Guinea	Somalia			South Africa(*)	St. Vicente & Gr.	
Guinea-Bissau	Sudan			Swaziland	Suriname	
Eq. Guinea	Tanzania			Zimbabwe	Trinidad &	
Lesotho	Togo				Tobago	
Liberia	Uganda				Dominican Rep.	
Madagascar	Zambia					

* Non-signatory countries of the Cotonou Agreement

Source: Bidaurratzaga and Marín, 2006.

The Lomé model is representative of the aid policy of the EEC. It governs the distribution of technical and financial aid (primarily from the eight different European Development Funds (EDF). But also one of the defining features of the model is the granting of non-reciprocal preferential access to the European market of products from the ACP countries. This amounts to applying a criterion of positive discrimination without compensation for these countries (a policy probably influenced by contemporary demands for a New International Economic Order (NIEO), which could potentially contribute to the socioeconomic development of the South). However, the European gesture was not without its self-interest; positive discrimination for African exports meant in turn privileged European access to African raw materials, whose prices at the time were rising in international markets.

Another of the defining elements of the Lomé framework is the specific treatment of certain traded products, such as bananas, cattle, sugar and rum, defined in special protocols; ACP countries are guaranteed a fixed amount of exports of these products at a fixed price. There is one important exception to the preferential regime, which had a major effect on ACP exports, namely the products protected in the European CAP. Thus, in the case of agriculture, it is mainly tropical products which have enjoyed favourable access to the European market.

When Lomé IV was approaching its expiry date in 2000, a general debate took place about the results obtained and the possible modifications of the existing framework. The trigger for this process was the publication in 1996 of the so-called "Green Book", in which the European Commission for the first time formally tabled its concerns and proposals for changing the model, basing its view on the challenges and options which it expected the Union to face in the 21st century. The Green Book advocated a radical reconsideration and reformulation of the previous scheme.

In the first place, the Commission argued that the Lomé model had not been effective since it had not reached either its most ambitious long term goals (the reduction of poverty or higher levels of economic and social development) or even more specific short term ones (increased ACP exports to European markets). The share of the ACP countries in total European imports actually decreased under Lomé. Other developing economies, in particular in Asia, had increased their share of European imports without any preferences. Some critics have rejected the EU's judgement that the Lomé preference system had been a failure, on the grounds that this clearly was not the position of the ACP countries which insisted on maintaining it.

In the second place, the EU argued that the Lomé Agreements were incompatible with some of the multilateral rules of the WTO, such as reciprocity and non-discrimination. Although the controversial Article XXIV of the WTO treaty permits discrimination in the case of regional integration arrangements, the EU argued that this waiver was not applicable to Lomé. They believed that the non-reciprocal preferential framework of Lomé could only be authorized as an exception by means of a "Habilitation Clause" and then only if the advantages were applied to all developing economies, and not just to some of them as in Lomé.

Finally, the EU argued for greater differentiation between countries in the ACP group according to their level of socioeconomic development and its evolution over the two previous decades. So a preferential system designed to achieve development required that the Least Developed Countries should receive some privileges in comparison with the rest of the ACP countries.

Despite its incompatibilities with WTO rules, the Lomé agreement was allowed to continue in force thanks to the acceptance of two temporary exemptions requested by the EU, the last of which expired on 31 December 2007.

At the end of 1998 a negotiation process about the contents of the EU's "Green Paper" was launched and out of this came the Cotonou Agreement. In these negotiations the EU pressed strongly for a change from the old model to a new one based on reciprocal trade liberalization, arguing that this was the way to improve the efficiency and competitiveness of the productive systems of the countries involved and the capacity of the ex-colonies to incorporate themselves into the world economy. The ACP countries' reaction was very different; they fought for the extension of the previous model for as long as possible and, failing that, for the greatest possible flexibility in the new arrangements and the stretching of the transition period to make adjustment to the new situation less traumatic.

After a year and a half of negotiations between the parties, the Cotonou Agreement was signed in June 2000, to replace the the regulatory framework used during the previous 25 years, though it extended its preferences on a transitional basis until the completion of EPA (*Economic Partnership Agreement)* negotiations, initially predicted to be before the end of 2007. While in the political sphere the new agreement includes a wide range of new points as well as some inherited from the revised version of Lomé IV, the major novelties are in the economic part of the agreement, especially in relation to trade.

In line with the EU´s argument during the negotiations the fundamental change was the replacement of the unilateral preferences by a new trade regime of a reciprocal character, so that liberalization took place in both directions, in other words through setting up free trade areas. This was all perfectly consistent with WTO multilateral rules and fitted into the model previously advocated by the United States involving the creation of continental free trade areas (such as the proposed Free Trade Area of the Americas, FTAA). The EU wishes to establish free trade areas between itself and as many of the ACP countries as possible, either individually or in integrated groups. Both the EU and the US plans, presented as examples of the new open regionalism, are intended to formally bind together the economic future of developed countries with their historic areas of influence, at a moment when they are also seen to be threatened by competition of some emerging economies of Asia, and especially by China's growing presence in the rest of the world which is generating so much interest and controversy in Africa.

A distinguishing feature of the new European model is its name. Contrary to its American equivalents, it does not include the expression "free trade", preferring "economic partnership". The Economic Partnership Agreements (EPAs) are meant to incorporate more than a reciprocal commercial trade regime. They also include technical and financial aid from both the European Development Funds (EDF) and the bilateral aid programmes of the different members of the EU.

Another of its peculiarities, a response to the need for differentiation mentioned above, consists of the special treatment granted to the Least Developed Countries via the temporary maintenance of the former non-reciprocal preferential regime. This was extended to all the Least Developed Countries in the rest of the world, regardless of whether they were in the ACP group, thanks to the EBA (*Everything but Arms)* initiative launched by the EU in 2001.

The Cotonou Agreement is an "agreement to agree". It agreed a framework but did not define in detail the contents of each EPA, noting that they had to be negotiated, preferably with preestablished regional groups, in order to be inaugurated in early 2008, then pass through a gradual process of trade liberalization so as to definitively and fully enter into effect no later than 2020. Details of the EPA negotiations, their potential effects on the ACP countries and their possible alternatives are developed in other concepts in this dictionary.

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Eduardo Bidaurratzaga Aurre

M

Multilateral initiatives for debt reduction (HIPC and MDRI)

Heavily Indebted Poor Countries (HIPC) Initiative. A multilateral foreign debt reduction programme in force since 1996, aimed at countries with large debts and a low level of development. The aim of the three-stage programme is to reduce the debt stock to levels considered financially sustainable based on pre-established criteria. Debt cancellation under the programme is conditional on implementing economic policy measures supervised by the World Bank and the IMF.

Multilateral Debt Relief Initiative (MDRI). A multilateral program of foreign debt reduction established in 2005, and principally targeting countries that are beneficiaries of the HIPC Initiative, for which additional debt cancellation is available once the last stages of the HIPC Initiative are reached.

Genesis of multilateral initiatives for debt reduction

After the outbreak of the debt crisis in 1982, the debt structure of developing countries changed over a very short time; the debt owed to multilateral financial institutions (especially the World Bank, IMF and regional banks) took on greater importance, while bilateral and private debts fell as a proportion of the total. This is particularly true for the least developed countries, which are less involved than other countries in the circuits of international private financing. Given the severe socioeconomic difficulties that the developing world faced during the 1980s, a debate began about the advisability of cancelling multilateral foreign debt.

Both bilateral debt and private debt had already been the subject of reprogramming and even of partial cancellation within the framework of the Paris Club (since 1956) and the London Club (since 1976). Multilateral debt, however, had never been the subject of negotiation. In view of the evidence that a substantial part of the multilateral debt could not be paid under the terms agreed by the poorest countries (or at least it could not be paid without very serious socioeconomic consequences), and the pressure of international campaigns such as Jubilee 2000, the G7 promoted the *HIPC Initiative* in 1996.

The HIPC Initiative

The effective promoter of the HIPC Initiative was the G7 since those countries are the most responsible for the governance of the multilateral financial institutions, as well being the countries who would bear most of the costs of the Initiative.

As defined in 1996, the Initiative was aimed at countries that only had access to the soft credit of the World Bank and the IMF, meaning therefore countries at a low level of development. For these countries, the Initiative consists of: a) defining the financial sustainability or unsustainability of their foreign debt according to a series of pre-established parameters; b) in case where the debt is considered unsustainable, the country could receive cancellations of multilateral debt, that is, debt to the World Bank, the IMF and other regional banks (particularly the African, Asian and Inter-American Development Banks). The HIPC Initiative also involved cancellations of bilateral debt by the Paris Club. On the other hand, the reduction of debt is conditional on the adoption and satisfactory maintenance of a joint economic policy programme agreed with the World Bank and the IMF.

In 1999, given the lack of results, the insufficiency of the amounts committed to debt reduction, and continual pressure from world public opinion, the G7 promoted a reform of the Initiative, which became officially known as the Enhanced HIPC Initiative, and which basically added three points: a) the easing of the requirements for being a beneficiary country; b) the increase of cancellable amounts (in coordination with the Paris Club); and c) the requirement to draft and implement a complete poverty reduction strategy (outlined in a Poverty Reduction Strategy Paper. PRSP), in order to access the benefits of the Initiative.

From the standpoint of the beneficiary country, the implementation of the Initiative is divided into three stages. In the first stage, the country that meets the prerequisites must have satisfactorily maintained for at least three years a programme agreed with the IMF, and must have drafted or begun to implement a PRSP. At that time it reaches the Decision Point. In the second stage, the country has the right to partial reductions of its debt. If the results of the PRSP are satisfactory and the commitments to the IMF continue to be met, it reaches the Completion Point, at which the total amount of the debt considered unsustainable is cancelled.

Beneficiary countries or those that could benefit from the HIPC Initiative (as of December 2008)			
Countries that have reached the Completion Point (23)			
Benin Honduras Rwanda Bolivia Madagascar São Tomé and Principe	Burkina Faso Malawi Senegal Cameroon Mali Sierra Leone	Ethiopia Mauritania Tanzania Gambia Mozambique Uganda	Ghana Nicaragua Zambia

Countries that receive transitory aid (between the Decision Point and the Completion Point (10)			
Central African Republic Democratic Republic of the Congo	Afghanistan Burundi Guinea	Guinea-Bissau Congo Chad	Haiti Liberia
Countries that still have not reached the Decision Point (8)			
Comoros Nepal	Sudan Ivory Coast	Kyrgyzstan Togo	Eritrea Somalia

Source: World Bank and IMF.

Up to 31 December 2007, the Initiative was estimated to have cost $71.2 billion, $32.5 billion relating to debt to the multilateral financial institutions, and $38.7 billion relating to debt to the Paris Club and other creditors. The multilateral costs are financed principally by contributions from the G7 countries to a so-called "Trust Fund", which compensates the multilateral financial institutions involved for the losses incurred by not collecting the cancelled debts.

Multilateral Debt Relief Initiative

The Gleneagles G8 meeting in 2005, mindful of the pressure of world public opinion and the international undertaking to reduce poverty accepted in the Millennium Development Goals, decided to take another step to reduce the debt further. The beneficiaries of the MDRI are the countries that have reached the Completion Point of the HIPC Initiative (plus Cambodia and Tajikistan), and the initiative implies the cancellation of 100% of the multilateral debt still owed by these countries at the end of 2004. Thus, the MDRI can be considered a type of second phase of the HIPC Initiative. Up to 31 December 2007, the MDRI had involved a total cost estimated at $28.3 billion, 65% of which related to debts to the World Bank.

The scope and limitations of the HIPC Initiative and the MDRI

The principal positive aspect of these initiatives is that to a large extent the resources released from the payment of the debt are dedicated to poverty reducing policies such as improving health or education (World Bank and IMF, 2008:7). However, the multilateral financial institutions impose strong conditionalities when such policies are pursued; this reduces the effectiveness of the debt reduction and prevents countries from following an alternative development model to the one traditionally proposed by the Washington institutions (Colom, 2006).

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Artur Colom Jaén

N

Neoliberalism

The exaltation of the market as the perfect and irreplaceable regulatory mechanism of the economy is the cornerstone of neoliberal ideology. Resting on neoclassical economic theory, it provides a logical and closed model in which all the problems that an economic system must deal with can be solved.

On the international level, neoliberalism basically advocates both the suppression of all obstacles to international trade (free trade) and also the liberalization of capital movements.

Origin

Neoliberalism made its appearance as a strategy to extricate capitalism out of the crisis of the 1970s, once it seemed clear that Keynesianism solutions were exhausted. Ideologically the followers of the new doctrine aimed to confirm that the crisis of the 1970s had been caused by the old, exhaused doctrine of Keynesianism. Doctrinal and policy errors were blamed so that the system as a whole could be exonerated. And politically the role of neoliberalism was to provide a set of policies which would benefit the dominant classes. Throughout the 1980s the ease with which neoliberal conceptions established themselves was helped by the failure of attempts to resolve the crisis through previous policies and by the arrival in power of the conservatives Reagan in the United States and Thatcher in Great Britain. They led a global offensive, dragging behind them other governments, regardless of their ideology.

Since then profound economic changes have taken place. Historically significant industrial sectors have lost importance and others have emerged. A profound technological renewal has taken place, aimed above all at the improvement of productivity. The concentration of capital has accelerated and multinational companies are now the dominant institutions of the world economic structure. Social relations between classes have markedly changed, producing a weakening of the forces of labour compared with those of capital.

Neoliberal recipes have succeeded in raising the profitability rate of capital, but the conflictive nature of capitalism means that more subtle answers are needed to resolve the problems of a civilization wracked by multiple tensions, splits and frustrations. Neoliberalism can feel satisfied, up to now, to have confronted the capitalism crisis without major disruptions to the system and to have favoured the interests of the dominant sectors of capital. But it must be recognized that not one of the major global social questions which existed before neoliberal hegemony has been resolved and many have worsened.

Programme

The overall objective of neoliberal economic policy is an increase in the profitability of capital and a series of specific policies are the means of reaching this: the attack on wages and salaries, the reduction of social benefits and services, fiscal counter-reform, deregulation of the labour market, privatizations and globalization.

The attack on wages

National income is distributed between wages and salaries on the one hand and profits on the other. The transfer of inome from workers' pay to profits favours the profitability of the capital. The theoretical reason given for wage reduction is that wages had reached a level at which the demand for labour could not absorb existing supply. It is argued that excessive wages create unemployment, but that redistribution from wages to profits will generate more investment and thereby more employment. This reasoning has been shown to be false on many occasions.

Reduction of social benefits and services

Neoliberal economic policy involves constant efforts to reduce spending on social benefits and on public services such as education or healthcare. These services are looked at as indirect wages and pensions, unemployment insurance, disability, and so on, are regarded as deferred wages. For capital, the labour element in production costs includes not only direct wages, but also indirect and deferred ones, which is why it advocates cutting all forms of workers' pay, since all have an impact on profit.

Cutbacks in the Welfare State also fulfil other purposes: they weaken working people, by increasing insecurity and fear of the future, and this makes them more easily exploitable; by degrading the public services and social benefits it opens the door to private business since citizens still need social assistance and complementary pensions when those from the public sector are inadequate.

Fiscal counter-reform

Neoliberalism has changed the fiscal guidelines in a regressive direction. Its advocates argue that the total tax burden has reached such a high level as to be counterproductive; excessive taxes go hand in hand with excessive state activity in the economy and this restricts the dynamism of the economy. The goal of the counter-reform, however, is within sight: in many countries, taxes as a percentage of the GDP has levelled off, if not declined; indirect taxes (more regressive, broadly speaking, than direct) account for a rising share of the total; and direct taxes have lost progressivity due to reductions in tax rates on the highest incomes; taxes on capital have also tended to be reduced; and the tax laws and the strictness of their enforcement have been relaxed; as a result tax fraud has increased.

Deregulation of the labour market

Extolling flexibility and insisting on eliminating rigidity in the labour market, is no more than a way of expressing the desirability of changing the balance of power in the class struggle to favour capital. The means to this are the suppression of laws which protect labour and the harrassment of the unions, leading to greater atomization of workers and the weakening of their negotiating power.

It is false that flexibility increases employment. Ultimately, the more flexible use of the workforce means that fewer workers will be needed to produce the same output.

Privatizations

From the neoliberal standpoint privatization is supported on several grounds: first, in order to slim down an excessively large and inefficient public sector; second, to fight public deficits; third, to increase areas of business open to private investment; and finally, to decrease the distortions in the markets provoked by public companies.

As in the previous cases, when neoliberal policies are described in detail, their theoretical weakness is clear. The era of the mixed economy following World War II (combining the market economy with a strong public sector) brought about the best results for capitalism in its history.

Globalization

Arguments for the advantages of the market are not applied only to individual national economies. During the early stages of capitalism, the existence of nations, the scarcity of capital and restrictions to the mobility of factors of production led to the need for a theory that explained the benefits of international trade and free trade. This role was filled by the theory of comparative advantage, which, with some updating, remains one of the fundamental pillars of neoliberalism.

The theory of comparative advantage argues that each country will specialize in the production of the products for which it is best endowed (that is, in the production of which its relative costs are lower). This specialization will favour both the country itself and all the other countries with which it trades; in the final analysis international specialization and trade will bring gains to all the countries that participate in it.

These theoretical arguments have been refuted by reality. International trade based on free trade has systematically benefited industrialized countries compared with non-industrialized or less developed countries; it has generated an insurmountable gap between them and has fuelled the acute trade imbalances that have resulted in an unpayably large foreign debt.

If society is conceived above all as a framework of markets, the world in its entirety must logically become a global market. Markets for goods and services and movements of capital must not be limited. Market forces must act with complete freedom, evading the barriers that states impose.

These are the theses advocated by organizations such as the World Trade Organization, the World Bank and the International Monetary Fund. The structural adjustment plans and free trade treaties which they have fostered arise from their adhesion to neoliberal policies. In addition, the Economic Partnership Agreements (EPAs) that the European Union is proposing to the ACP countries have the same neoliberal roots; they will make it more difficult for states to collect taxes on imports, they will promote privatization and they will withdraw some of the already limited social benefits and services which exist. On the other hand, Europe will gain entry to the markets of those countries with all its manufactured products and new technologies with no barriers, bringing very little social benefit except for the dominant classes. It is unthinkable that employment will be created in areas where a major part of the population practices subsistence agriculture, and where there are serious educational shortages and other difficulties in creating a new labour market.

These kinds of policies have always shown themselves to be most effective at concentrating wealth and increasing the amount of poverty. The people of the ACP countries will find themselves ever futher away from attaining the Millennium Development Goals.

Epilogue. The crisis

In the summer of 2007, a financial crisis of extraordinary magnitude broke out in the U.S. The trigger was the bursting of the housing bubble that had been growing in the previous five years, through a policy of low interest rates and financial deregulation, practiced by the Federal Reserve and other institutions in charge of controlling the finances.

Concepts such as neoliberalism, globalization and financialization need to be examined in greater depth in light of the new evidence which many aspects of this crisis are revealing: the speed with which the housing crisis became a financial crisis, the mammoth contamination that the entire global credit system suffered in most countries, and the rapidity with which the financial crisis has generated a global economic recession, already widely compared with the economic crisis of the 1930s which followed the October 1929 stock market crash. Walden Bello and Francois Chesnais have offered revealing analyses of many of these features, which can serve as points of reference.

The golden era of contemporary capitalism (1945 to 1975) was a period of rapid growth, in the economies of the centre as well as in the underdeveloped ones. This period ended in the mid-1970s with the leading Western economies immersed in stagflation (low growth and inflation). The reconstruction of Germany and Japan, as well as the rapid growth of newly industrialized economies such as Brazil, South Korea and Taiwan added enormous productive capacity and increased global competition. The profit rate became eroded. In order to escape from the quagmire of overproduction, capitalism put three strategies into motion: neoliberal restructuring, globalization and financialization.

Neoliberal restructuring, launched in the 1980s by Reagan in the USA and Thatcher in the United Kingdom and known in the countries of the South as structural adjustment, has already been analyzed in previous paragraphs. The theory on which it is based assumed that improving the income of those at the peak of the social pyramid would increase investment and the wealth created would trickle down through the entire society. This trickle-down theory was shown to be false. It strangled demand and generated enormous inequalities, although it crushed workers' resistance, greatly weakening the trade unions and the whole workers' movement. The economic results of the neoliberal restructuring was not a success story. The world average annual growth of GDP, which was 3.5% in the 1960s, fell to 2.5% in the 1970s, 1.4% in the 1980s and 1.1% in the 1990s.

Globalization, which was also explained above, sought to combine the extensive accumulation of capital, with a rapid integration of semi-capitalist non-capitalist and pre-capitalist regions into the global market economy. The aim of this was to gain access to cheap labour, new sources of raw materials and products and to new areas of investment. The liberalization of trade, the removal of obstacles to capital mobility and the abolition of obstacles to investments in other countries were its most common instruments. China is the most outstanding case of a non-capitalist area integrated in the capitalist economy in the last 25 years. But it its success presented a problem for the strategy based on globalization as a way out of the stagnation: it exacerbated the tendency to overproduction. China in the last 25 years has added a tremendous volume of manufacturing capacity, which has depressed prices and profits.

Financialization became vital for maintaining and elevating profitability. According to F. Chesnais, one of the main consequences and manifestations of what he calls the very long period of "uninterrupted accumulation without a break" (from the end of the Second World War to the present) is the high level of and complex mechanisms devised for the accumulation of interest-bearing loan capital. This capital acquires its value outside the circuit of value and surplus value production in the real economy (agriculture, industry, commerce and services), without leaving the sphere of the financial markets.

The financial liberalization orchestrated from Washington established the bases of asset markets worldwide. Two other large sources of accumulation of financial capital have also existed: income based on energy sources or other raw materials, oil being the most important, and the funds accumulated in securities by private superannuation systems.

The disconnection between the real and the financial economy is not a mere accident in capitalism or a problem of financial management. It is a necessary response to the problem of stagnation created by overproduction in the real economy. Since the Mexican debt crisis of 1982, a constant succession of financial crises has occurred. 1982 was the starting point of the Third World debt crisis, which began mainly in Latin America. In 1987 Wall Street suffered a medium-sized stock market crash. In 1989 came the bankruptcy and rescue of the US savings and loan banks (a pre-echo of the later housing crisis in industrialized countries). In the early 1990s, the housing sector and stock market in Japan crashed, the effects lasting throughout the entire decade and even beyond. In 1995 there was a second debt crisis in Mexico. In June 1997 the Asian crisis erupted, seriously affecting seven countries of the area. In 2001, in the USA many "dot com" companies suffered a major slump, as the bubble of their share prices burst after their astronomical growth between 1998 and 2001. With this crash disappeared the myth of the new economy which had predicted that, with the new technologies, capitalism would enter a new era without crises or economic cycles.

The real economy has become weighed down by overproduction and an inability to match the profit opportunities in the financial economy. But finance, in its search for profits at any cost in a world lacking effective regulation and infected by speculative fervour, grew out of all proportion. But bubbles inevitably burst and finances cannot be indefinitely separated from the real economic base; hence the damage that the financial contamination passed on to the real economy, in the form of recession or depression, is an inevitable destiny of both yesterday's and today's capitalism.

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Iñaki Uribarri Hernández

P

Participation

Actively taking part in the public affairs of a community, state or transnational body is both a right and a practice closely associated with "democracy" and "citizenship". The degree to which participation exists is part of the characterization of the structures and actions of all political and social institutions.

Normally, "participation" has two alternative uses: either its presence is seen as a legitimizing quality of institutions which are otherwise non-democratic (World Bank, 2004) or its absence is regarded as a criticism of the democratic shortcomings of the existing order (de Sousa Santos, 2005; Ovejero et al., 2004; White, 2002). These criticisms generally go together with reform and refoundation proposals (Genro, de Souza, 2000; Wainwright, 2005; El Troudi et al., 2005), but for the moment the strength of the critical arguments is much greater than the proposals that accompany them.

From his radical critique of the dominant political system, Sousa Santos sees a contradiction between real participation or citizenship and the "relative irrelevance of citizenship" produced by the market which "in its liberal version points toward a low-intensity, formal and abstract integration". He concludes that it is important to achieve "a new consistency between citizenship and the community that offsets the market principle. This new consistency is what a project of supportive and participatory reinvention of the state is meant to achieve" (Sousa Santos, 2005).

In fact, the central determinant of the political and social impact of participation is its ability to modify power relations in every field. Normally, the established powers determine the nature of the playing field and the interests that are served by participation. This is why, Haroldo Dilla concludes, "the key premise of participation encouraged by neo-liberalism is exactly the exercise of power without any relevant control" (Dilla, et al. 1996).

The main champion of "neoliberal participation" is the World Bank. According to the Bank, participation "is the process by which local development actors influence and participate in defining priorities, policies, the allocation of resources and access to local goods and services.” But what the World Bank does not say is that these benevolent intentions are supposed to be used for the implementation of policies determined exclusively by the Bank itself, the proven consequences of which threaten the quality and dignity of life of the great majority of the “local development actors”. In this case, “participation” amounts to an attempt to cut the economic and social costs of privatization of public resources and services, often involving, in Sousa Santos’ words, “antidemocratic promiscuity between the State and the third sector”.

The aspiration for the “refoundation” of the State is part of the general project of movements fighting against neoliberal globalization: “The new global movements propose a new political paradigm that seeks a transition from systems of formal democracy to processes of radical democracy” (Calle, 83).

The ambitious nature of the alternatives, which, given the problems they face, are both legitimate and necessary, contrasts with the limitations of the specific results achieved up to now. Some of the key experiences of “participatory democracy”, such as the “participatory budget” of the Brazilian city of Porto Alegre, have clearly contributed to the development of social networks, but the transfer of power to them has been very limited and fragile and the practical results in terms of the improvement of the population’s quality of life have been modest and unenduring. It is significant that the PT (Workers’ Party), which inspired and lead this experience after 1989, lost the local elections in 1994. In the process of the World Social Forum, very much linked to Porto Alegre, critical evaluations have been make of different aspects of the participatory budgets (Carta Maior, 2006).

Some new projects, such as the Community Councils in Venezuela, make use of previous experience to find for new answers to the main questions about the “refoundation of the state”. For example, there is need to base the entire process on local self-management, combining this with participation, with real power of decision on public policies and with effective control of the representative institutions. And this in turn requires that these institutions be radically reformed.

In the “third sector” (NGOs, non-profit and voluntary) there are some interesting experiences of the link between participation and political pressure. In Latin America valuable results have been achieved in “monitoring committees” (*veedurías*) (Alfaro, 2003). Other initiatives, such as “cyber campaigns”, produce significant results only when they are integrated into coherent strategies, for example, campaigns such as those of Amnesty International for sending e-mails in support of oppressed people against the institutions responsible for their situation.

These positive experiences should serve as a stimulus in the search for effective forms of participation by popular organizations in international treaties and agreements that have a major impact on the living conditions of people the South. In the case of treaties like the EPAs which the European Union intends to sign with the ACP countries, the engagement and participation of social networks is especially important. In this case, international campaigns like *Stop EPAs* along with the work of other institutions and groups have been able to curb these agreements and propose alternatives. Networks of organizations such as these could create stable “accountability committees” or “observatories” to critically monitor the process of drawing up treaties as well as their practical application. In this way they would help to create citizen opinion and mobilization and, using this as a base, build supportive forms of North –South solidarity capable of having an effective impact on political decisions.

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Miguel Romero Baeza

Poverty

The situation of a person whose degree of privation is below the level that a particular society considered the minimum required to maintain dignity.

The concept of poverty has been and is defined according to the conventions of each society. The perception of what poverty is depends on the social and economic context and on the characteristics of the society and the objectives around which it is organized. But within this variety of contents, it is possible to extract a nucleus common to all of them: poverty always refers to certain privations or shortages that people suffer from and which put their dignity in danger.

Historic evolution of the concept

The different formulations of poverty and the terms by which it has been designated reflect both the concept's complexity and its historic content. Understanding this relation between the concept of poverty and the prevailing values of society is fundamental for the analysis of poverty. This characteristic has been emphasized by many sociologists and economists, including Titmuss, Townsend, Abel-Smith, Atkinson and others (Woolf, 1989).

Classical economics perceives poverty as a central category of economic analysis and Adam Smith affirmed that no society could flourish and be happy if the majority of its members were poor and miserable. But, until the end of the 19th century, with the studies of Booth and Rowntree in the United Kingdom, poverty was not addressed as an object of scientific study. Since then the calculation of a poverty threshold in order to define the minimum income necessary for people's survival has been a common feature of the development of studies on poverty.

In recent decades the growth in the study of poverty has been driven by a "rediscovery" of the phenomena of poverty, although the perception of poverty has been different according to whether it is in developed or developing countries.

After the Second World War, poverty in the developed countries was considered to be an issue that was, if not resolved, at least not problematic. The extension and depth of the Welfare State created the idea that poverty as a socially significant phenomenon had virtually disappeared. And analysis of it nearly disappeared from the scientific agenda, with a few exceptions, notably the studies by Townsend and Sen. During this period, poverty became relegated to a question to be solved by applying the techniques of social management. However, with the appearance of long-lasting mass unemployment and the emergence of the phenomena of social exclusion, poverty began to be perceived as a serious obstacle to the successful functioning of the economy and the society.

The situation in the developing countries was different. The existence of severe shortages was not unknown, but it was conventionally explained by reference either to historical causes on the one hand or to natural (especially climatic), ethnic and cultural causes on the other. Increasingly the standard answer to the question of how to confront poverty was the promotion of development. The prevailing ideology trusted that the capitalist economy would continue to grow and that there would be positive interrelations between growth of the economies of the industrialized countries and the development of the less favoured countries. Poverty was a reality, but it still did not merit specific attention: development was right around the corner.

However, poverty produced surprises in every sense, not least in the developed countries themselves. In 1962, Harrington's work, *The Other America*, painted the picture of a country with forty to fifty million people immersed in new and old forms of poverty. In 1964, President Johnson announced the war on poverty. In 1965 in the United Kingdom, Abel-Smith and Townsend published their book *The Poor and the Poorest*, which revealed, by analyzing official data, that in 1960 14% of the population lived in poverty. The data made it clear that there was no truth to the idea of an automatic relation between growth and the elimination of poverty.

From the 1970s, to a large extent due to the focus on basic needs first promoted by the ILO, poverty in developing countries began to be the subject of numerous works. Later, from the mid-1980s, the social consequences of the structural reforms implemented in many of the developing countries, especially in Latin America, once again increased the need for studies on poverty. In the decade of the 1990s, it became clear that the optimistic expectations of the international organizations that poverty would be eliminated at an international level were not being met.

The political connotations of poverty

The debate on the nature of the processes which give rise to poverty is particularly relevant today, since a widespread perception exists that the phenomenon is not a conjunctural one. On the contrary, the evidence suggests that even when indicators of economic and technological progress are positive, poverty is very resistant to efforts to reduce it.

The fact that there is a shared opinion both that the phenomenon of poverty is contempory and that is not conjunctural does not mean that there is an equally shared diagnosis of its causes. There are few topics about which scientific reflection has been more marked by political connotations than poverty. Poverty in itself is a problem with an important political dimension, since the interests of different groups have a strong influence on the distribution of income and hence on the existence of poverty. The central issue is to understand the nature of poverty and the role it plays in the reproduction of societies. Poverty is not simply a characteristic of the human condition nor can its re-emergence be analyzed as a historical event that is repeated periodically.

Different understandings of poverty. The paradigms

Any proposal about dealing with poverty must contain three elements if it is to become a source of political action: a) a concept of poverty, using which one can proceed to gauge its magnitude and investigate its processes of generation, expansion, reduction or entrenchment; b) a measurement methodology that permits limiting and counting the extension of the reality of poverty, its evolution over time and comparability between countries; and c) the key points in the design of political strategies to eliminate of poverty.

The prevailing understanding during the last century has been based on a concept of absolute poverty, defined from what is called the poverty threshold. This threshold is the income or earnings necessary for a person to be able to survive; once set, it becomes a reference point for determining who is poor.

Although that has been the prevailing approach, it has not been the only one. All the different conceptions of poverty can be grouped into two main approaches: one which analyzes poverty from its symptoms and another which is more concerned with knowing its causes.

The hegemony of the first conception of poverty has been evident in recent decades and is consistent with that followed by the international organizations. Curiously, it is only in relation to developed countries that the rival concepts of poverty have been debated. Poverty in developing countries has not been the subject of a parallel debate; it is as if great misery was evidence enough by itself and did not need further refinement. Poverty in developing countries has been studied at a distance and the studies have concentrated on determining its extent. Therefore, the main concern of the model, its normative target, is people's survival. The other positive aspects of development, namely welfare, are not taken into account.

The World Bank (WB) and poverty

For some years the World Bank has increasingly come to accept that the fight against poverty is the centrepiece of its activity. As a result of the criticisms of the serious negative social impacts of the adjustment programmes, especially after the appearance of the UNICEF Report (*Adjustment with a Human Face*) in 1987, the Bank launched a process of integrating the question of poverty into all its activities. At the end of the 1980s, this concern materialized in what was called "the social dimension of adjustment", whose purpose was a series of social policies designed to alleviate the negative effects of adjustment. It was, however, not a coherent initiative in itself, with well-defined objectives and a coherent policy strategy, but rather a mere list of projects having social content.

Later, in its *World Development Report 1990*, dedicated to poverty in the world, the Bank proposed a strategy of fighting poverty based on three points: increasing the economic assets of poor people, especially employment; increasing access to social services; and creating networks to improve social security focused on the most vulnerable sectors. The WB's increased concern about poverty was expressed by proposing policy measures, while avoiding a re-examination of the concept.

This pragmatic focus on poverty adopted by the WB, with its expression in policy proposals, has been followed by the other international organizations, and what today can be considered a "new consensus on poverty" which rules in the international organizations is based on proposals from the Bank.

The "new consensus" was embodied in six points which do not represent any substantial change from the traditional approach. The *World Development Report 2000-2001* did not substantially transform the proposed fight against poverty, although it appears to advocate a broadening of the concept, recognizing its multidimensional nature, and thereby modifying its traditional view of poverty defined merely by consumption and income. The proposed redefinition of poverty includes as constitutive elements education, health, risk and vulnerability and access to decision making at the local and national levels. However, the failure to propose new poverty indicators and the continuing use of the well-known one dollar and twenty-five cents per person per day threshold as the sole reference, left the modification in the terrain of speculation so that it did not become a direct part of the strategies.

The alternative approach of welfare

The turning point at which one approach gives way to another occurs when the concern for the central object of the knowledge (in this case poverty) goes beyond the questions of existence and measurement to the explanation of causes. Poverty results from processes which are in continuous change; to understand and analyse them requires new categories and instruments. Several elements come together to permit a new aproach to poverty which has emerged from the human development approach of the UNDP. The new elements are pluridimensionality, a relative rather than absolute conception of poverty, new analytical methods, different normative goals, adapting the concept to changing reality and the analysis of the causes.

The passing from an absolute concept poverty to another relative one involves more than a simple modification of the criteria for establishing the poverty threshold. By recognizing that poverty does not have a fixed reference, but rather one that can change (which is why it is relative), makes it essential introduce the normative element. If the objectively determined minimum for survival is no longer the sole reference, it is necessary to find new criteria to determine the poverty threshold. This leads us to learn more about welfare, about how we can know when people do not enjoy sufficiently high levels of welfare and, as a result, are poor.

In the formulation of the new concept of welfare, Sen's contribution has had a great influence. In brief, Sen affirms that the crucial factor for evaluating the quality of life is found in people's capacities, since they determine their degree of positive freedom; so higher welfare means the expansion of people's capacities to choose different options.

Formulated in this way, defining where poverty begins and ends involves establishing which basic capacities and functions are really necessary and valuable. The major issue is how to define this new poverty threshold. The Millennium Development Goals try partly to produce an answer this question. At the same time, however, structural adjustment plans, Free Trade Agreements (FTAs) and other policies go in the opposite direction. They favour the accumulation of wealth in few hands, leaving the majority of the world population in poverty. The Economic Partnership Agreements (EPAs) that the European Union is currently negotiating with the ACP countries, which are very similar to FTAs, would apply to 34 of the poorest countries; it is not therefore preposterous to deduce that they will leave people without self-realization options and prevent countries from raising the levels of welfare of their populations.

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Alfonso Dubois Migoya

R

Regional integration

Economics textbooks usually distinguish between five fundamental forms in which regional economic integration projects are defined: free trade areas, customs unions, common markets, economic union and monetary union. In this way an implicit quasi-narrative scheme is set up consisting of several phases, starting with the liberalization of markets, that is the elimination of obstacles to free mobility in the markets for goods and services, labour and capital, then progressively reaching higher and higher degrees of coordination in matters of economic policy (fiscal and monetary, mostly, and to a lesser extent social), and so to the ultimate establishment of a common currency.

This scheme corresponds to the creation and evolution of the current European Union, which has become the main reference in matters of integration for experiences in the rest of the world, particularly in the countries of the South. The message of this story is that by enlarging markets and harmonizing policies, the regional grouping can approach the ultimate objective which is the improvement of the level of development of these economies and their population.

The theoretical analysis of regional economic integration has been largely developed by authors who subscribe to neoclassical orthodoxy and generally neoliberal policy prescriptions. However, one of the areas where theoretical and policy alternatives have been developed is the pros and cons of integration of developing economies. In summary, three main approaches can be distinguished: the neoclassical or market approach, the directed or regulated approach, and the neofunctionalist approach. The differences between these three revolve around the question of the appropriate degree of public intervention in such projects. To give two concrete instances, what should be the extent and manner in which the gainers from the union should compensate the losers? and how much freedom should be given to the market mechanism in allocating resources within the group?

This debate on the establishment of compensation mechanisms is of great importance avoiding a polarizing dynamic between economies with large differences in their level of development. This discussion was of great relevance historically in the creation of regional groups among countries of the North, on the one hand, or those of the South on the other. But its importance has become even greater due to the formation of a new enlarged type of regional grouping, made up by economies of the North as well as the South.

In this regard, a new impetus towards regionalism in the 1990s has been very important. There has been a proliferation of a multitude of integration projects worldwide, some of them revivals of sometimes renamed of old regional groups and others completely new. The first result of this is a growing list of acronyms.

The "new regionalism" is a phrase which has been used to identify the latest trend in regionalism which is integration projects with a low degree of institutionalization and weak compensation mechanisms, resulting in the creation of large free trade areas. This new, more open regionalism model probably contributes to the increased compatibility of regional groups with the multilateral rules of the GATT–WTO framework, especially with the rule which insists on non-discrimination towards countries outside the union.

The rationale of this new framework of relations is a dual one: the countries of the South have an interest in gaining preferential access to countries with high levels of income and markets some sectors of which are still heavily protected; and the countries of the North have plans to formally bring certain countries with high potential for economic growth inside their sphere of influence. Cases such as NAFTA (*North American Free Trade* Agreement) and APEC (*Asia-Pacific Economic Cooperation*) stand out as typical examples of this new regionalism model.

Behind these initiatives can also be found a change of position on the part of some governments, especially that of the USA, which chose an open regionalism model as a result of its disappointment regarding the defects of the multilateral framework of world trade negotiations, during the last years of the GATT and more recently in its successor the WTO. The support by many governments for this new kind of regional group marks a change in the standard discourse. Historically, regional integration has often been thought of as a "second best" option; that is, it does not maximize well-being as effectively as the better option which is a framework of multilateral economic liberalization for the world as a whole. Therefore, at present, even the Bretton Woods financial institutions and the WTO pragmatically accept that the regional road to trade liberalization is a desirable one, as long as the groups represent a transitory phase on the route towards the ultimate objective of opening markets on a global scale.

This same logic is being applied on an increasingly ambitious geographic scale to produce the latest version of this open regionalism model. Examples of this are the megaprojects of the free trade areas launched by the U.S. for the South American continent as a whole (FTAA) or the FTAs (Free Trade Agreements) with different Latin American regional groups or bilaterally with some individual governments. The EU has comparable plans for links with the Mediterranean countries as well as with several regional groups of ACP countries. The intention of the countries of the North in these initiatives is to grant trade and economic preferences to their periphery or spheres of influence, although trade preferences are expected to be reciprocal. Even on the Asian continent, where historically there has been considerable real integration if very little formal integration, the feeling of frustration in recent years at the lack of progress within the framework of the WTO's multilateral negotiations has led the Asian countries to envisage a clearer regional framework within which vast future free-trade areas could be set up between China and the ASEAN countries, as well as between the latter and South Korea and Japan.

Rather than promoting integration projects between developed and developing countries the exponents of the new regionalism have often preferred to pursue the formalization of trade agreements between individual countries and regional groups, or between regional groups of countries of the North and regional groups in the South. This is exemplified by plans to sign EPAs (Economic Partnership Agreements) between the EU and not only individual ACP countries but also with regional groups of ACP countries mostly in sub-Saharan Africa.

Given that the most dynamic economies of each of the three large rival blocs in which the world can be divided are taking similar initiatives, the creation of free trade areas on a continental or inter-continental level, albeit based on different models, is becoming a key instrument for development promotion in the countries of the South. The intention seems to be to create an outwardly oriented economic model for regional groups consistent with the ongoing neoliberal globalization process; it would therefore be in direct contradiction to the auto-centric industrialization model which was the aim of the early regionalist initiatives in the developing world. Not surprisingly the new model has generated a heated controversy about what might be the consequences for the participating economies, in particular for the weaker and more destructured economies.

This current concept of regional economic integration is a long way from that of the old textbooks which saw the process of integration as needing to follow a set of stages from tariff reduction through to monetary integration. It also fails to see that regional integration as a potential instrument of development is neither good nor bad in itself. The verdict on it depends on whether, in addition to expanding markets or increasing trade flows, it improves the level of well-being of the people. In the specialized literature on the subject there is no consensus on whether integration is a route to development and there are sharp disagreements about the virtues of different models of integration with different degrees of regulation, public intervention and institutionalization.

There is no doubt that one-sided trade agreements (reducing protection of agricultural or labour-intensive manufacturing products in industrialized countries) would favour the interests of the majority of the economies of the South. This does not mean, however, that the formation of a free trade area, which opens the local markets of the component countries to international competition as part of a reciprocal liberalization process, will necessarily benefit the most depressed economies without simultaneous compensating or redistribution policies. This is an old debate in the literature on regional integration, which takes on special importance in the case of economies with large disparities in their level of development.

One striking feature of this free trade discourse is that most of the industrialized economies underwent a corresponding process of trade deregulation, but in a considered and controlled way, even leaving some sectors such as agriculture heavily protected. In contrast, many developing economies have been forced to draw up radical short-term deregulating policies when their manufacturing sectors are uncompetitive. In such cases there is serious danger of deindustrialization and a reversion to excessive primary exporting specialization.

The new free trade areas are not only about the freedom of movement of goods and services; they are often intended as first steps in a broader liberalization which includes freedom of movement of capital and the incorporation of other "new trade-related issues". The liberalization of direct foreign investment flows is particularly controversial in both the North and the South. In the North there is fear of industrial delocalization by the large multinational companies, while in the South, much distrust has been aroused by exaggerated attempts to safeguard the interests of transnational capital (for instance by the aborted proposal for a Multilateral Investment Agreement (MIA) or other proposals which go beyond the WTO rules, already a feature of some FTAs between the USA and Latin American countries). Unfettered foreign investment is also opposed by many in the South because it brings bad labour conditions, has only limited trickle-down effects on local industries and is increasingly volatile.

In addition, the protection of intellectual property rights, radically different to the logic of the technological transfer programs of previous decades, is also interpreted as a threat to the well-being of people in the poorest countries, in particular in the case of medicinal products.

Ultimately, excessive faith in markets and other parts of the neoliberal creed (which habitually uses double standards and wildly inconsistent practices) becomes an obstacle to a form of development in the South which goes beyond the reproduction of the peripheral capitalism model in which countries of the South are confined. The asymmetrical neoliberal model of regionalism is a step backwards compared with the original conception of broader integration with greater space for social policy and based on an alternative model; it restricts the ability of governments, regional groups and civil society organizations in the South to define and implement their own autonomous development strategies according to their respective peculiarities, needs and priorities. It is in this context that South–South cooperation initiatives between different countries and regional groups can help countries to gain the advantages of regional integration without falling victim to the hegemonic power of the main global economic powers.

The danger of an excessively outward-oriented integration model is that the least favoured countries will be stifled by the combination of free market forces inside and the protection of privileged minority interests within the grouping. To paraphrase a slogan of the alterglobalist movement, "another regional economic integration is desirable and possible". The challenge to the societies of the North and the South which participate in the same integration project (for example the EPAs between the EU and various regional groups of the ACP countries) is to pioneer that desirable and possible integration. It would surely be based on a more humane and equitable development model, in which the satisfaction of basic needs is the priority goal guiding the initiatives and progress of regional groups.

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Eduardo Bidaurratzaga Aurre

W

World Trade Organization

The World Trade Organization (WTO) is the multilateral institution in charge of establishing the rules of international trade. In this task, since 1995, it succeeded the GATT (General Agreement on Tariffs and Trade) that had been operating since 1947 and that currently has been incorporated into the WTO, as has the the General Agreement on Trade in Services (GATS) and the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPs). The WTO is, along with the IMF and the World Bank, one of the principal international economic organizations and a pillar of neoliberal globalization.

The centrepiece of the activity of the GATT were the eight rounds of international trade negotiations which it organized: the first took place in Geneva in 1947 and the last, known as the Uruguay Round, is what produced the World Trade Organization. The Uruguay Round, as all the previous ones, was launched at the request of the developed countries in order to substantially increase the scope of the GATT. Due to disagreements between the United States and the European Union, particularly on agriculture, the negotiations, which were supposed to end four years after they began in 1986 in Punta del Este (Uruguay), did not in fact conclude until 15 December 1993. The final agreement was signed in Marrakech (Morocco) in April 1994 by high-level representatives of 124 countries and of the European Union. In 2008 the WTO had 152 member countries.

The World Trade Organization began to operate on 1 January 1995. The Ministerial Conference, which meets at least every two years, is the WTO's highest decision-making body. There is also a General Council, which is its permanent body, and a Director-General. In the WTO, as previously in the GATT and in constrast to the Bretton Woods institutions (IMF and WB), each country has the same voting power, although the decisions are usually reached by consensus. However, behind this appearance of formal democracy in the world trade organization, lies the tyranny of the world market in which decision-making power is proportional to economic power. Hence, in fact, the developed countries are in command. The WTO is, therefore, more of an oligarchy than a true democracy. An oligarchy in which, in many commissions and working groups, people directly related with the companies of the corresponding trade sector participate as representatives of the countries of the North. That is, the rules of the game are dictated by those who can benefit from them, thus "globalizing" the economy to the taste of the multinationals.

Until now six ministerial conferences have been held – in Singapore (1996), Geneva (1998), Seattle (1999), Doha (2001), Cancun (2003) and Hong Kong (2005). A "Millennium Round" of trade negotiations was supposed to have been agreed at the Seattle meeting but there was no consensus. In Doha in 2001, however, a new round of negotiations was launched to begin in 2002 and end in three years. The countries of the North intended to call it the "Development Round", but the majority of the governments of the South refused give what they regarded as a false connotation to the content of the negotiations. Moreover, the Summit of Cancun (like that of Seattle) failed to reach even one single agreement and this helped to lengthen the Doha Round negotiations; its planned closing date is already long past. In fact, in the VI Ministerial Conference held in Hong Kong, December 2007 was set as the new deadline, but it has also been passed without another deadline being set. Therefore, aside for occasional noises, it can be argued that the Doha Round is at a standstill.

The supervision of new trade rules also falls to the WTO. To accomplish this, it has a Trade Policy Review Body (TPRB), charged with supervising compliance by each member. Furthermore, it is the only international organization that can actually impose sanctions on the member countries for non-compliance with these rules, through its Dispute Settlement Body. Given its ability to apply sanctions, the WTO, at the insistence of the countries of the North, has become the in-tray for any type of economic question which is more or less "related to trade".

The first of such questions was that of intellectual property rights, introduced in the Uruguay Round. Then came emerging electronic trade whose general liberalization was slipped in without the countries of the South having obtained anything in compensation. In successive ministerial conferences, attempts have been made to include the liberalization of international investments, public purchasing and competition policy; even though no agreement has been reached on any of these questions they have all been accepted as appropriate subjects for the WTO to deal with. Nevertheless in 2004, in a shift in negotiating strategy, the countries of the North withdrew these subjects from the Doha negotations, preferring to get some results on the trade in services and the ever present issue of agriculture. This change of stance failed to make the Hong Kong Ministerial Conference a resounding success, although the total failures of Seattle and Cancun were not repeated. The extension of the WTO's mandate to new questions is therefore paralyzed for the time being, but the organization, although weakened, continues to function.

The severe setbacks of Seattle and Cancun have damaged the image of the WTO. In the streets outside its conferences mass protests take place against neoliberal globalization; inside the conferences the countries which have for long been forced to be by-standers to the process of creating the world economic order have now taken a firm stand against the one-sided trade proposals of the countries of the North.

Increasing numbers of people, organizations and governments have denounced the WTO as a major contributor to building a kind of economic globalization which exclusively serves the interests of multinational corporations, banks and investment funds.

The agreements negotiated in the Uruguay Round, which remain in force, are a clear example of the difference between neoliberal discourse and its practical application. Its ground rules are hard to see for the number of exceptions. Contrary to what is often said, not everything is liberalized. Thus, although it is of great interest to many economies of the South, the opening of the agricultural markets of the North proceeds very slowly, while agricultural subsidies to uncompetitive production in the United States, the European Union and Japan have increased instead of decreased.

The liberalization of trade in textile products took over a decade to be completed and there are still loopholes which allow countries in the North to restrict their imports. On the one hand, the liberalization of the provision of services started quite quickly and concentrated on those sectors in which liberalization is in the interests of large companies of the North, in the financial and telecommunication sectors, for instance. But on the other the rules practically prohibit the international mobility of labour except for very high-paid jobs; and migration policies may not be discussed in the World Trade Organization. While in practice, liberalization in some sectors is slow or highly selective, there are others where the what is happening is the opposite of liberalization. Far from being liberalized and put at the service of humanity, the advances of science and technology (intellectual property) are prevented from spreading by means of patents, trademarks and copyrights – yet another case of an permitted exception to liberalization which benefits the multinationals. All WTO member countries are obliged to adopt legislation that protects intellectual property rights as much as it is protected in the North. Among other things this means setting a minimum period of 20 years for patents and broadening the field of what can be patented even to even include some living organisms. The biggest beneficiaries of this are the large multinationals, especially the pharmaceutical companies.

All this means that the governments of the major economic powers have designed ground rules for world trade which conform to the wishes of the large multinational companies: opening of markets in new growth sectors and a new world empire of patents and registered trademarks do not reflect the priorities of the most impoverished countries which, if the present pattern of liberal globalization continues, are likely to end up as losers, lacking almost everything except natural wealth to be despoiled and cheap labour to be exploited.

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WTO web page: www.wto.org

The annual reports are available here at no charge as well as some other publications.

The WTO annually publishes three reports:

- *Annual Report of the WTO* (in the spring). Deals with institutional aspects.
- *Report on World Trade* (in the summer). New publication which analyzes different problems of the world trade system.
- *International Trade Statistics* (in the autumn).

Patxi Zabalo Arena