AFRICA: THE DEBT TRAP AND HOW TO GET OUT OF IT

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE EXTERNAL DEBT OF AFRICAN COUNTRIES
The present study was commissioned by The Left in the European Parliament, www.left.eu

The research was carried out by the Committee for the Abolition of Illegitimate Debt (CADTM).

CADTM
Committee for the Abolition of Illegitimate Debt
8, rue Jonfosse,
4000 Liège, Belgium
0032 4 60 97 96 80
info@cadtm.org
www.cadtm.org

This study was conducted by CADTM-Belgium and CADTM-Africa, the latter of which is composed of active organizations in 15 African countries (Benin, Burkina-Faso, Côte d’Ivoire, Cameroon, Congo-Brazzaville, Gabon, Guinea-Conakry, Kenya, Mali, Morocco, Niger, Democratic Republic of Congo, Senegal, Togo and Tunisia) and which collaborates with Womin, a Pan-African feminist association based in South Africa. Thus, the CADTM was easily able to involve militants from social movements, NGOs and African partners to conduct the study.

The following people contributed to the study:

Omar Aziki, member of the national secretariat of ATTAC CADTM Morocco and of the shared international secretariat of the CADTM-International network.

Broulaye Bagayoko, member of the Coalition of African Alternatives Debt and Development (CAD-Mali) and permanent secretary of CADTM Africa.

Agnès Adélaïde Metougou, member of the Platform for Information and Action on Debt (PFIAD-Cameroon) and National President of the Cameroonian Platform for Organizations of Civil Society (PLANOSCAM).

Luc Mukendi, CADTM militant in Lubumbashi/DRC and member of the coordination of CADTM Africa.

Jean Nanga, CADTM militant in Congo-Brazzaville and collaborator of the review Inprecor.

Research: Rémi Vilain.

Revision: Éric Toussaint, Maxime Perriot, Claude Quémar.

Coordination of the final draft: Anaïs Carton.

December 2022 | Brussels
« Under its current form, controlled and dominated by imperialism, debt is a skilfully managed reconquest of Africa, intended to subjugate its growth and development through foreign rules. Thus, each one of us becomes the financial slave, which is to say a true slave, of those opportunists who have been treacherous enough to put money in our countries with obligations for us to repay ».¹


¹ "La dette sous sa forme actuelle est une reconquête savamment organisée de l’Afrique, pour que sa croissance et son développement obéissent à des paliers, à des normes, qui nous sont totalement étrangers. Faisant en sorte que chacun de nous devienne l’esclave financier, c’est-à-dire l’esclave tout court, de ceux qui ont eu l’opportunité, la ruse, la fourberie de placer des fonds chez nous avec l’obligation de rembourser". https://progressive.international/seis/2021-02-26-thomas-sankara-a-united-front-against-debt/en
# Table of Contents

**Executive Summary**

**Introduction**

**Part 1: General Context in Africa: The Unsustainable Burden of Debt Aggravated by the COVID-19 Pandemic**

- From the Illegal Transfer of Colonial Debt to the SAPS
- Taking Stock of Public Debt in the States of Africa
- The Impact of Debt on the Socio-Economic and Cultural Development of the States of Africa
- In Fact, Public Health Is Not a Priority
- The DSSI, or Reducing-Increasing Debt Service
- Multilateral Institutions and Private Creditors
- China, the Main Creditor?
- From Illicit Financial Flows to Doing Business
- Debt versus Sustainable Development Goals
- Shake Free of the “Debt System”

**Part 2: Case Studies. Repeating the Same Logic**

- How Debt and Despotism Hinder Development in the MENA Region
- Debt in the DRC: The “Grand Inga III” Megaproject

**Part 3: EU – AU: For a Complete Reconstruction of Relations Between Europe and Africa**

- From the Yaoundé Convention to the Lomé Convention
- The Cotonou Agreement and the Economic Partnership Agreements
- Talk of Equality, Reproduction of Domination
- From the EU’s Humanist Posturing to Chinese Competition
- Another Europe as a Condition of Egalitarian Relations with Africa

**Conclusions and Main Alternatives**
ABBREVIATIONS

CADTM  Committee for the Abolition of Illegitimate Debt  
(formerly Committee for the Abolition of Third World Debt)

ECA  United Nations Economic Commission for Africa

EEC  European Economic Community

UNCTAD  United Nations Conference on Trade and Development

PRSP  Poverty Reduction Strategy Paper

FBC  Federation of Businesses of the Congo

IMF  International Monetary Fund

G7  Canada, France, Germany, Italy, Japan, United Kingdom, United States

G20  Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States, and the European Union. Spain is also invited as a permanent guest.

HIPC  Heavily Indebted Poor Countries Initiative

IADA  African Debt Cancellation Initiative

IADM  Multilateral Debt Reduction Initiative

DFI  Direct Foreign Investment

DSSI  Debt Service Suspension Initiative

IFI  International Financial Institutions

PLL  Precaution and Liquidity Line

MENA  Middle East and North Africa

SDG  Sustainable Development Goals

OACPS  Organization of Caribbean, African and Pacific States

UN  United Nations

SAPs  Structural adjustment programmes

DC  Developing Countries

GDP  Gross Domestic Product

PPP  Public-private partnership

DRC  Democratic Republic of Congo

EU  European Union
EXECUTIVE SUMMARY

AFRICA: THE DEBT TRAP AND HOW TO GET OUT OF IT
THE IMPACTS OF THE COVID-19 PANDEMIC ON THE EXTERNAL DEBT OF AFRICAN COUNTRIES

THE UNSUSTAINABLE BURDEN OF DEBT WAS AGGRAVATED BY THE COVID-19 PANDEMIC

Africa was not long spared by the Covid-19 pandemic that submerged the world. The new virus first appeared in Africa in mid-February 2020, almost three months after the first case of Covid-19 in China. On 13 April 2020, French president Emmanuel Macron made an announcement that did not cost him anything: he proposed a massive cancellation of African debt to support the continent’s struggle against the virus. A few hours later, the G20 merely offered a suspension of payment for the poorest countries. Yet public debts had sharply increased all over the world.

Today, over a third of the countries of the South are either over-indebted or in default. 60% of African countries spend more on repaying their debts than on health care, thus not meeting local needs. And the war in Ukraine is hitting African countries hard as they face rising commodity prices. Debt is therefore a hot topic. What is the impact of the Covid-19 pandemic on the indebtedness of southern countries? What is the responsibility of the International Financial Institutions and of countries of the North for this predicament? Can the temporary suspension of repayment that was granted solve the debt issue faced by African countries, which has been further aggravated by the Covid-19 pandemic? Are there no alternatives?

The present study focuses on the development of indebtedness in Africa. But the analysis can easily be extended to other countries of the South. It shows that the coronavirus pandemic and its many consequences aggravated a former situation of indebtedness but was not its cause. The pandemic was the catalyst, though all the ingredients of a new financial crisis have been present for several years, at least since 2017–2018. The study highlights the dramatic social and economic consequences of the current health crisis, as well as its huge impact on public finances and indebtedness, both in the North and in the South. Finally, it shows that what the International Financial Institutions (IFI) have contributed are false solutions and that there are alternatives. More fundamentally, it demonstrates that the logic of the capitalist system has to be questioned to get to the roots of African countries’ indebtedness.

SURVEY OF AFRICAN STATES’ PUBLIC DEBTS

One third of African States are either over-indebted or on the brink of over-indebtedness.

The stock of Sub-Saharan Africa’s external public debt increased from USD 305 billion in 2010 to USD 702 billion in 2020, i.e. from 24 to 40% of the region’s GDP, and from 76 to 156% of its exports.

In 2022, the continent had to pay in all USD 44 billion in interest to its external creditors. In some African countries the debt service amounts to 60% of their revenues and countries spend more in repaying their debts than for essential services such as health care, education, providing decent jobs, access to electricity and clean drinking water.

Moreover, Sub-Saharan Africa has become the arena of clashing interests between traditional creditors and emerging powers, further entangling it in a spiral of indebtedness.
ECONOMIC AND SOCIAL CONSEQUENCES OF THE PANDEMIC

GDP contracted by 2.1% in 2020, external financial flows (foreign direct investment, official development assistance, remittances from the diaspora) fell drastically, most currencies depreciated and external debt shot up correspondingly, food insecurity increased in some regions and 490 million Africans, mainly women, would face extreme poverty by the end of 2021, bringing to 40.2 the percentage of Africans living on less than USDUSD 1.90 a day, an indicator that is underestimated and highly debatable.

African countries, already unable to meet local needs due to high debt repayments, now faced a new debt crisis, aggravated by the Covid-19 pandemic and caused by three main historical factors:

FROM THE ILLEGAL TRANSFER OF COLONIAL DEBT TO SAPS

The debt process in African States goes back to the colonial period when imperial centres illegally bequeathed to newly independent countries the debts they had contracted in their own interests, making them both illegal and illegitimate. Independent countries had few options to finance their ideals of national construction and were compelled to contract debts. Moreover, the debt policies of the former colonies were encouraged by the international context of the Cold War, both on an economic and a political level.

The situation was aggravated by the neoliberal structural adjustment policies imposed by the World Bank and the IMF in the 1980s–1990s, conditioned on “structural reforms,” mainly fiscal austerity measures and liberalization of the economy. The debt stocks of African countries have steadily increased, often reaching levels of over-indebtedness and resulting in the first debt crisis at the end of the 1970s and early 1980s.

THE FALSE SOLUTIONS PROPOSED BY INTERNATIONAL FINANCIAL INSTITUTIONS

The solutions proposed by creditors to curb the debt crisis have all proved counterproductive. As early as 1996, faced with the fact that the Sub-Saharan states were mired in over-indebtedness aggravated by the imposition of structural adjustment plans (SAPs), creditors, through the Bretton Woods institutions, launched the Heavily Indebted Poor Countries Initiative (HIPC). In 2005, creditors launched the Multilateral Debt Relief Initiative (MDRI), which focused on the full cancellation of 100% of the multilateral debt of heavily indebted poor countries that had reached the HIPC completion point. Instead of solving the debt crisis in Africa, these initiatives exacerbated it.

More recently, the measures announced following the Covid-19 pandemic by the Paris Club and the G20 – such as the Debt Service Suspension Initiative (DSSI) for the so-called poorest countries – have so far been largely insufficient. Indeed, these measures have been limited to either temporarily suspending the repayment of a tiny part of the debts of the 73 countries classified as “low-income,” or to restructuring part of these debts on a case-by-case basis. There is a risk that the moratorium, as well as the new loans ostensibly granted to fight the effects of the pandemic, will be used to pay private and multilateral creditors as a priority, instead of to meet the urgent needs of the populations on the ground.
NEW CREDITORS AND ILLICIT FINANCIAL FLOWS

Private creditors, who are by far the majority, are not forced to cancel their claims; they are simply invited to do so. As a result, the debt services due to private creditors in 2020 and 2021 have been paid. They have been virtually kept out of the DSSI.

The amount of loans that China has granted to African countries has steadily grown, almost quadrupling in less than ten years, rising from USD 40 billion in 2010 to 153 billion in 2019. China now holds a third of the bilateral external public debt of the countries of the South.

Finally, in Africa, part of the benefits made during periods of strong growth left the continent illegally, favoured by the tax optimization of large companies, which made the countries attractive to foreign investors.

TOWARDS A COMPLETE RENEWAL OF RELATIONS BETWEEN EUROPE AND AFRICA

The relations between Africa and the European Union (EU) and the treaties they have elicited are based on colonial and neo-colonial power relations that must be opposed. The Yaoundé Convention of 1963 between the then 6 member states of the European Economic Community (EEC) and 18 African states is the first of a series of treaties that have made it possible to maintain the economic specializations established by the colonial administrations in cash crops, in monocultures, generally reserved for export, for the markets of the European colonial centres. This is generally done at the expense of food crops and the food self-sufficiency of these countries. EU development aid has neither developed Africa nor promoted its economic independence but, on the contrary, served to oil the mechanisms for reproducing the dependence of African economies.

WHAT CAN BE DONE TO DEAL WITH THE DEBT TRAP?

In view of these findings, which show that international solutions are inadequate and in fact fuel global inequalities, the study puts forward a number of proposals for structurally solving the debt problem in Africa, among them:

- Cancel all public debts and refuse any conditions demanded by creditors
- Carry out an audit of public debt with citizen participation
- Take unilateral action to ensure effective protection of human rights
- Lift private patents for access to health for all
- Put an end to unfair tax arrangements
- Introduce a legitimate borrowing policy with socialized banks
- Implement a genuine policy of reparations

Broadly speaking, the CADTM considers that we have to fight for the implementation of an anti-capitalist programme, including a number of fundamental measures that challenge the logic of the capitalist system, to get at the roots of African countries’ indebtedness.
Until the Covid-19 pandemic came along, the 21st century was generally presented by those who worship at the altar of growth as the century of hope for Sub-Saharan Africa. This was because growth of the average rate of GDP$^1$ was above the global average, at about 5% as against 3%, for a good part of the first two decades. According to certain extremely optimistic commentaries appearing in the *Index de l’émergence en Afrique 2017*, Mauritius, South Africa, the Seychelles, Botswana, Cape Verde, Rwanda, Ghana, Namibia and São Tomé and Principe were already emergent in 2017. Other countries (Uganda, Senegal, Zambia, Tanzania, Kenya, Gabon, Benin, Malawi, Lesotho) were then considered to be on the “threshold” of emergence, corresponding to what the IMF (International Monetary Fund) refers to as “pre-emergent.” This *Afro-optimism*, loudly celebrating high-performance growth of GDP in Sub-Saharan Africa, pretty well drowned out the alarm bells ringing about something else that was also growing: public re-indebtedness.

Strong growth and re-indebtedness did not work in favour of the economic diversification of countries which mainly depended, in a good number of cases, on exporting natural resources/ raw materials and extractivism. This tendency has obviously contributed to the environmental crisis which is already severely impacting the people of the sub-region.

Taking into account the debt crisis which has been hitting many countries of the South since 2015, the growing influence of “new” creditors (China and private creditors) and the war in Ukraine, which directly affects the countries of the South by increasing prices of products of basic necessity, debt clearly remains a burning issue.

All the more so since it underwent significant escalation due to the collateral effects of the Covid-19 pandemic. Those effects hit Africa particularly hard, as even before the arrival of Covid-19, Africa was facing major structural problems. Oxfam reckoned that half a billion people were in danger of falling into hardship, triggering an increase in social, economic and gender inequality. Extreme poverty will inevitably affect more women than men.

This study investigates the impact of the Covid-19 pandemic on indebtedness in African countries, presents two case-studies and proposes some viable alternatives.

---

$^1$ The rate of growth of GDP is, in the parlance of mainstream “economics,” a major criterion for evaluating a country’s economic health. This is disputed, though as yet only marginally, by economists and non-economists. For example, in calculating GDP, money from prostitution and drug-trafficking can be included.

$^2$ Mamadou Gazibo and Olivier Mbabia, (prefaced by Dr. Ibrahim Assane Mayaki, Executive Secretary of New Partnership for Africa’s Development or NEPAD), *Index de l’émergence en Afrique 2017* (Index of Emerging Africa 2017), PRAME (Pole of Research on Africa and the Emerging World)/OBEMA (Observatory of Emerging Africa), Montreal, 2018 (in French only). NB In the 1960s, there was talk of “emergence” of Africa, but that was in the context of the States produced through decolonization.
Thus Part 1 presents the general context of the indebtedness situation in Africa in the wake of the Covid-19 pandemic. This part will particularly zero in on the development of Africa’s external public debt: the economic and social consequences of the pandemic, the main bilateral, multilateral and private actors responsible for the situation and the false solutions they have come up with while all along taking advantage of this situation of re-indebtedness.

The second part of the study traces the development of the indebtedness profiles of the MENA (Middle East and North Africa) region, especially Egypt, Morocco and Tunisia. It also examines the consequences of constructing the hydro-electric dam Inga III, (the first phase of the Grand Inga hydropower project), on the DRC’s indebtedness, in the post-Covid context. These case studies highlight the fact that although the situations and the figures involved belong to specific local contexts, nevertheless each one conforms, again and again, to the same logic of subservience of the poorest to the richest.

The third and final part of the study offers a particular angle on the relationship Africa holds with the European Union and recalls that the treaties arising from this relationship are eminently based on the colonial and neo-colonial balance of power which must be opposed.

Having placed the accent on the dubious management of debt in certain African countries by the International Financial Institutions (IFI) throughout the Covid-19 period, we will conclude by exposing the main alternatives that would enable countries to get out of this spiral of indebtedness and break free of the false solutions proposed by creditors. For it is important to mention at the end of the study that these alternatives rest on solid arguments grounded in International Law, which upholds as imperative the prevalence of fundamental human rights over the rights of creditors.
At the end of March 2020, the Senegalese Head of State, Macky Sall, launched an appeal to the “international community” to “cancel Africa’s public debt and reschedule its private debt” to allow African States to fight Covid-19. The appeal was only partly heard, somewhat attenuated, by the so-called “international community. The solutions proposed to deal with this debt problem – mainly the Debt Service Suspension Initiative (DSSI) for the poorest countries, thought up by the Paris Club (an informal group of creditor States, mainly Western powers) and the G20 (the group of the world’s 20 leading economies), the World Bank and the IMF in April 2020 – seemed, when over, (end of 2021), to have actually increased rather than to have lightened the burden of debt, thus further reducing the likelihood of reaching any of the sustainable development goals (SDG).

1. FROM THE ILLEGAL TRANSFER OF COLONIAL DEBT TO THE SAPS

The process of indebtedness of African States goes back to the colonial period. After independence, countries now free of the colonial yoke found themselves with very little in the way of infrastructure that would enable them to realize their ideals of national construction and were forced to borrow. Moreover, the colonial centres passed on to the newly independent countries debts that they themselves had contracted. Indeed, in violation of peoples’ right to self-determination, the World Bank had made loans to Belgium, France and Great Britain to finance projects in their colonies. Thus were the colonial centres provided with minerals, agricultural produce and fuel. As acknowledged by the World Bank’s historians, these loans enabled the colonial powers to reinforce the domination that they wielded over the peoples they had colonized.

In his book World Bank: A Critical History to be published in 2023, Éric Toussaint shows that the debt Belgium had contracted with the World Bank in the 1950s had been unduly imputed to the Congolese people, in collusion with Mobutu. In the case of the Belgian Congo, the millions of dollars which were loaned it for projects decided by the colonial power were almost entirely spent by the Congo’s colonial administration in the form of products purchased to be imported from Belgium. The Belgian Congo “received” a total of USD 120 million in loans (in 3 tranches) of which USD 105.4 million were spent in Belgium. This is nothing less than a net transfer of colonial debt, a practice which is totally illegal as well as being illegitimate.

5 The colonies concerned by World Bank loans were the Belgian Congo, Rwanda and Burundi for Belgium; for Great Britain, East Africa (including Kenya, Uganda and what became Tanzania), Northern and Southern Rhodesia (now Zimbabwe and Zambia) as well as Nigeria, to which should be added British Guyana in South America; for France, Algeria, Gabon, French West Africa (Mauritania, Senegal), French Sudan that became Mali, Guinea, Côte d’Ivoire, Niger, Upper-Volta that became Burkina Faso, and Dahomey – now Benin).


4 These are the 17 Sustainable Development Goals established by the UN General Assembly, to be reached from 2015 to 2030, in the wake of the 8 Millennium Goals (MDG, 2000-2015) which on the whole were not attained.
Next, the indebtedness policies adopted by former colonies have been encouraged by the international context, at both political and economic levels. During the Cold War, Western countries and the World Bank used loans to counter the expansion of socialism on the African continent. The oil crises of 1973 and 1979 also caused an economic crisis in Europe and in the United States, with the Western countries seeking outlets for their industrial production. The loans granted to Africa enabled them to dispose of their production, especially using the practice called “tied aid,” that is, loans in the form of export credits. At the end of the day, that means indirect subsidies for the big companies of the North and getting the people of Africa to pay interest. This is how the debt-stock of African countries has never ceased to grow, often reaching levels of over-indebtedness.

Once the debt crisis burst out in 1982, to prevent other countries from following Mexico in being unable to repay foreign debts, creditors mandated the World Bank and the IMF to impose neoliberal policies on Third World countries. These policies translated into: the devaluation of the national currency to stabilize the economy as soon as possible; the drastic reduction of the balance of payments deficit by reducing public spending and raising taxes in order to free up money to repay the debt; the drastic reduction of current expenses such as civil servants’ salaries, including the military; complete liberalization of imports and exports; the elimination of customs barriers protecting national products; the privatization and liquidation of State companies accompanied by massive job cuts and so on. In contradiction of their proclaimed aims, the structural adjustment programmes were unable to restore budgetary and trade balances as announced; they exacerbated social demands since the countries that applied them found themselves three times more indebted and, most often, all the poorer.

2. THE 2000S: THE SO-CALLED AFRICAN DEBT REDUCTION INITIATIVES, FALSE SOLUTIONS TO A REAL PROBLEM

The solutions proposed by creditors to contain the debt crisis all turned out to be counter-productive.

Already by 1996, confronted with the stalemate of Sub-Saharan States mired in over-indebtedness aggravated by the imposition of SAPs, creditors, through the Bretton Woods institutions, launched the Heavily Indebted Poor Countries initiative (HIPC). Officially, its aim was to bring exceptional assistance to HIPCs to enable them to reduce the burden of external debt to a sustainable level. This meant that the World Bank and the IMF would concede enough debt reduction to ensure that over-indebted countries could continue to pay. According to the IMF, to be eligible, the extent of a country’s over-indebtedness should be “intolerable.” The countries concerned had to sign an agreement with the IMF then conduct an economic policy approved by Washington for three years. The policy was based on a Poverty Reduction Strategy Paper (PRSP) drawn up for each country, named in contradiction with the actual political effects desired by Washington. For example, in the case of Mali, the government had to commit to implementing austerity measures in the education and health sectors; privatize public companies; “reform” the cotton sector and improve the regulatory framework for business.

In 2005, creditors bubbling with ingenious ideas to keep Africa in the debt trap launched yet another initiative, the Multilateral Debt Relief Initiative (MDRI) concerning the total cancellation of 100% of the multilateral debt of heavily indebted poor countries having reached the point of completion of the HIPC initiative. So this initiative related to the multilateral part of Mali’s debt towards the World Bank, the International Monetary Fund and the African Development Bank group. The MDRI was intended to provide additional resources to the forty poor countries eligible for the HIPC, to enable them to progress in achieving Millennium Goals, including the one for reduction of extreme poverty and famine in the world. However, the MDRI must fulfil the criterion of “additionality,” which means that every dollar cancelled must be refinanced by the international community.

None of these initiatives have succeeded in resolving the debt crisis in Africa; on the contrary, they have exacerbated it. At the present time, the outstanding amount of external debt for countries that experienced

---

9 For example, a country would lend Mali 1 million CFA francs at a low interest rate on condition that Mali buy 1 million’s worth of merchandize from that same country.
these two initiatives is often higher than that of countries which did not benefit from the HIPC initiative. And post-HIPC, post-MDRI States were very quickly brought back into the process of re-indebtedness in the 2010s. This was a new process of indebtedness that came into being after the 2007–2009 crisis, with little originality. For as in the case of the 1970s crises, where petro-dollars abounded, any States of Sub-Saharan Africa whose rate of growth seemed reassuring were offered the opportunity, by pension funds and other institutional investors, to get indebted at low interest rates which were subsequently raised to as much as 16% by private creditors when their revenues were affected by the crisis.

For example, the lending-rate private creditors asked of oil-producing Angola was at an average of 4.32% from 2010 to 2014, and from 2015 to 2019 at 5.86%, as compared to a sub-regional average of 1.55% and 1.51% respectively. From 2017 to 2019, Côte d’Ivoire borrowed at an average rate of 5.33% from private creditors compared to 1.12% from bilateral and multilateral creditors. Ghana (then also considered as “oil-producing”) paid 6.83% to private creditors during the same period, as against 1.78% to bilateral and multilateral creditors. The power enjoyed by these private creditors is a special feature of the updated version of the principle of “get into debt for development” promoted by the World Bank in the 1970s, that has become a sort of “get into debt for emergence.”

4. THE IMPACT OF DEBT ON THE SOCIO-ECONOMIC AND CULTURAL DEVELOPMENT OF THE STATES OF AFRICA

The huge sums of money that the African States are constrained to pay out each year in debt service have serious repercussions on socio-economic sectors of development such as health and education, access to decent employment, access to electricity and drinking water. For some countries, debt servicing represents up to 60% of their revenue and countries have to spend more on debt payments than they can devote to essential services. The budgets allocated to running socio-economic development sectors in Sub-Saharan Africa, already insufficient to stimulate true socio-economic development, were considerably reduced as a result of the appearance of the twofold health and security crisis all over Sub-Saharan Africa.

According to a study by Oxfam, over 260 million more people are at risk of falling into extreme hardship in 2022 because of Covid-19, not to mention the 490 million Africans, mostly women, who were already enduring extreme hardship at the end of 2021. This will bring the percentage of Africans living on less than USD 1.90 a day to 40.2%, using an indicator that is highly contested as an underestimate. A great number of these people work in the precarious informal sector.

As soon as Sub-Saharan African States began implementing the structural adjustment programmes to the letter with drastic reductions in the money they allocated to education, there was a corresponding rise in the privatization of education where more importance is attached to maximizing profit than to the quality of the teaching. Some States cut grants to pupils and students, while others made them harder to obtain. Note too that by deciding to prioritize regular debt servicing payments, the State of Mali, for example, withdrew funding from the construction of new school infrastructure, forcing parents to turn to private education.

Lastly, debt servicing has been detrimental to creating decent employment, south of the Sahara. Because of debt servicing, States could no longer devote much money to the promotion of decent employment. Job insecurity in Sub-Saharan Africa is mainly due to the prioritization of debt servicing.

3. TAKING STOCK OF PUBLIC DEBT IN THE STATES OF AFRICA

In 2022, the continent should pay its external creditors a total of USD 44 billion in interest. One also notes the introduction of new actors in the heightened indebtedness of Sub-Saharan Africa, thus endangering the hegemony of the traditional creditors in its indebtedness. Indeed, Sub-Saharan Africa has become the setting for a confrontation of interests between traditional creditors and the emerging powers, accentuating its entrapment in the spiral of indebtedness.

Regarding youth unemployment, a monographic study conducted in 2019, produced by the United Nations Population Fund (UNPF) and entitled *Demography, Peace and Security in the Sahel: case of Mali*,\(^{11}\) presents a dynamic demography with a prevalence of juveniles. The study deplores the exposure of a great number of juveniles to endemic unemployment and chronic under-employment. In 2016, according to the same report, the rate of unemployment for 15-to-19-year-olds was already as high as 40.3%.

In Africa only an infinite minority of the population have access to schooling. If employment policy remains unchanged in Mali, many more young people will find themselves stuck in under-employment and unemployment. Indeed, this was the conclusion of Ivan Postel, task team leader and lead expert of the Decent Jobs Team at the Agence française de développement (French Agency for Development – AFD): “By 2030, nearly 350 million young people around the world will enter the global job market. Half will be in Africa. Economic growth will not be enough to ensure access to decent jobs for all of them. Governments must therefore adopt ambitious policies.”\(^{12}\)

Hopes inspired by the media hype about better living conditions through improved economic growth rates over that period have collapsed since budget allocations to basic social services have been drastically cut or at best, remained stationary.

5. IN FACT, PUBLIC HEALTH IS NOT A PRIORITY

The Heads of State of the Organization for African Unity (that preceded the African Union) passed a resolution in Abuja in 2001, to devote 15% of their budgets to healthcare funding. By 2019 only a small number of States had complied with this.\(^{13}\) Nigeria is not one of them: in 2017, while 60% of revenues were given over to debt-servicing, only 4.6% of the budget went on healthcare and 5.68% on education, which are among the lowest percentages in the Sub-Saharan sub-region. Today more than 60% of African countries pay out a greater portion of their resources to reimburse debt than on healthcare expenditure.

The example of Cameroon

In 2022, Cameroon devotes 23.8% of its revenues to debt-servicing, compared with 6.9% spent on healthcare. This, while life expectancy is 14 years less than the global average and an African has twice as much risk of dying at birth as other inhabitants of the Earth.

Today Cameroon is seeing its public debt accelerate to the point where it has made the symbolic leap beyond 12 000 billion CFA francs.\(^{14}\) The debt is increasing by 14% a year, while the growth rate of the GDP rarely reaches 4%. The effects of this increase are more and more worrying, particularly when the country has no hard currency and a severe shortage of fuel.

The government has signed with the IMF a Three-Year Arrangement (2021–2024), in order to “redress” Cameroon’s economic situation. Of course, this programme comes with structural reforms, particularly the elimination of subsidies on fuel production. Yet increasing the price of fuel can only trigger an inflationary spiral likely to considerably undermine people’s buying power and standard of living.

On many occasions, the PFIAD, (Platform of Information and Action on Debt), a member of CADTM International, has warned the Government against this infernal spiral of indebtedness.

---


\(^{13}\) Viviane Diatta, “Seuls 6 pays consacrent 15 % de leur budget à la santé” (Only 6 countries devote 15% of their budget to healthcare), SenePlus, 6 March 2019. https://www.enqueteplus.com/content/programme-de-sante-en-afrique-seuls-6-pays-consacrent-15-de-leur-budget-a-la-sante (in French).

\(^{14}\) For more information about Cameroon’s debt, see the whole article by Agnès Adélaïde Metougou online on the CADTM site: https://www.cadtm.org/ Une-analyse-de-la-dette-publique-du-Cameroun (in French)
The year preceding the appearance of the new coronavirus, the Regional Office for Africa of the World Health Organization (WHO) published *The State of Health in the WHO African Region* according to which: “Access to essential services is low, with only three countries (Mauritius, Sao Tome and Principe and Seychelles) having an access index above 0.50. Countries in the Region are unable to provide the infrastructure, staff and commodities needed for those services.”

Public health, along with public sch WHO Regional O¬ffice for Africa, The State of Health in the WHO African Region, 2018 ooling, had been among the main targets of the first wave of neoliberal structural adjustment in Sub-Saharan Africa. Its funding, already inadequate before, has been sacrificed in favour of servicing debt. The ratio of staff to population is such that post-operative complications have become a major public health problem. Africa only has 0.7 consultants (surgeons, obstetricians, anaesthetists, etc.) per 10 000 inhabitants, compared with the 20-40 recommended.

Africa long seemed resilient when confronted with the Covid-19 pandemic. However, since mid-May 2021, the region has had to confront several epidemic waves, a development that was marked by the fact that at the beginning of March 2022, the number of deaths climbed above 250 000, out of the 11 million contaminations declared throughout the entire continent (Jeune Afrique, 2022) – against 104 000 deaths for 4 million cases of infection detected the previous year over the same period. This development is associated with the appearance of several new variants of the new coronavirus which complicated the response, in a context of vaccination inequity. Thus, being unable to produce the specific serums, the African countries have continued to rely on a combination of bilateral agreements, donations and vaccine-sharing systems to pursue their programmes to combat Covid-19.

However, pharmaceutical products imported from Europe and other countries affected by Covid-19 are likely to become more expensive and less available for Africans. For this reason, there is an ongoing international campaign, in which the CADTM is an active participant, to have private patents lifted.

The recent Ebola epidemic in some West African countries (2014–2016) left about ten thousand dead. They too were victims of a certain fragility of local healthcare systems, which people have not forgotten. This contributed to the gloomy outlook that characterized early forecasts of the possible effects of the Covid-19 pandemic in the sub-region. Nonetheless, it did have a mobilizing effect on some African leaders like Macky Sall, the Senegalese Head of State, and on personalities and organizations in civil society.

Thus, cancellation of African States’ external debt would at least allow the transfer of money used for debt servicing to fund public health and social solidarity. The idea rapidly appeared as one more way of combating the pandemic for these low- and middle-income societies with their outward-flowing economies.

### 6. THE DSSI, OR REDUCING-INCREASING DEBT SERVICE

The Debt Service Suspension Initiative (DSSI) for the so-called poorest countries is the latest of the false solutions that the Paris Club and the G20 have come up with as an alternative to indebtedness for African countries. Faced with the pandemic, on 15 April 2020 the G20 opted to defer the debt service payments of 77 countries for eight months, from 1 May 2020 to 31 December 2020. This deferment concerned 40 African countries, for a total of USD 20 billion. The list of beneficiaries was subsequently reduced to 73 countries, four (Eritrea, Sudan, Syria and Zimbabwe) being excluded owing to their arrears to the IMF or the World Bank.
The total amount of suspended payments, that came to USD 5.3 billion, only represented 1.66% of what is owed by all the developing countries together. By contrast, there was no moratorium on private debts, although the 68 eligible countries had to pay out almost USD 10.22 billion to private creditors. On the fringes of the Annual General Meetings of the World Bank and the IMF, held from 12 to 18 October, the finance ministers of the G20 met on 14 October 2020 and decided to prolong the initiative for another six months, until 30 June 2021.

Among other criteria, eligible countries had to be: “[…] IDA-countries [International Development Association], that are current on any debt service to the IMF and the World Bank,” as well as “[…] least developed countries as defined by the United Nations, that are current on any debt service to the IMF and the World Bank.”20 They should also be benefiting from, or have made a request to IMF Management for, IMF financing. Another condition, among several, was that the money should be used “[…] to increase social, health or economic spending in response to the crisis. A monitoring system is expected to be put in place by the IFIs” and that beneficiary countries commit “to contract no new non-concessional debt during the suspension period, other than agreements under this initiative or in compliance with limits agreed under the IMF Debt Limit Policy (DLP) or WBG policy on non-concessional borrowing.”21

The suspended service payments were rescheduled over three years (2022–2024), with a year of grace. 28 Sub-Saharan States took part, having requested to. Another six who were eligible did not, probably, amongst other reasons, because of the requirement not to contract any other non-concessional loans (on the financial market, for example) during the period of suspension or because their bilateral debt was only a small part of what they owed. The initiative was subsequently extended, firstly until June 2021 then until December 2021. Thus, the suspension of payments and the year of grace were extended until 2026. Later, in November 2020, a “Common Framework for Debt Treatments beyond the DSSI” was initiated to deal with debt rescheduling, with case-by-case negotiations between the borrower and the multilateral institutions (World Bank, IMF) and other creditors.

For the Paris Club, suspending USD 1.8 billion from 28 Sub-Saharan States having taken part in the initiative – out of the USD 4.6 billion for the 42 States on its list – from May 2020 to December 2021, could be seen as a success.22 This view was by no means shared by, for example, the European Network on Debt and Development (Eurodad), who had asked rhetorically in October 2020 whether the initiative was not the equivalent of “draining out the Titanic with a bucket.”23 As for the CADTM, it had condemned the initiative.24

The main reproach levelled at the DSSI was that it had replaced the demand for debt cancellation with a demand for suspension of debt service payments. This did provide some help for the borrowers who took part in the DSSI, especially, during the period of suspension, those with a very heavy debt service towards the Paris Club (Portugal and Turkey also took part). Such cases include: Cameroon (USD 368 million, out of a total service of, all creditors taken together, USD 885.2 million), Angola (USD 295 million out of 6.9 billion), Kenya (USD 209 million, out of 2.4 billion), Mozambique (171 million out of 1.4 billion), Congo-Brazzaville (145 million out of 733.9 million), Côte d’Ivoire (125 million out of 1.9 billion), Senegal (102 million out of 1.3 billion) and Tanzania (USD 85 million out of 1.2 billion).

For certain States such as the Comoros (out of USD 5.1 million), Guinea-Bissau (15.8 million) and Chad (110.8 million), the amount was barely USD 2 million each, and only 1 million for Lesotho (out of 59.8 million) and Togo (out of 85.9 million). For these countries, it was a matter of almost insignificant sums in terms of percentage. China, for its part, proceeded to implement a global suspension of USD 5.7 billion and claims that, regarding Sub-Saharan Africa, “China has actively responded to the G20 Debt Service Suspension Initiative (DSSI), with debt service payment suspensions of more than USD1.3 billion, accounting for nearly 30 percent of the G20’s total debt service suspension, making it the largest contributor to DSSI,” but without giving details.”25

Ibid.

25 World Bank data on debt servicing.
Let us recall that the global amount of debt for the countries eligible for the G20 initiative is estimated at a little over USD 750 billion, or less than 1% of the G20’s GDP in 2019 (USD 78 286 billion), or less than the post-Covid aid plan adopted by the German parliament (€ 1 100 billion) or that of the United States (USD 2 000 billion). A drop in the ocean of finance. Furthermore, a trust fund destined to compensate the losses of the multilateral institutions had been created and financed by contributions from funders and sale of the IMF gold reserves. The profits from just one sale of 6.7% of the IMF’s gold would save $8.2 billion of debt payments for the poorest countries! Debt cancellation is economically possible; what is missing is the political will.

The DSSI initiative was imposed on African countries instead of more radical solutions such as those suggested in March 2020 by the Senegalese Head of State, Macky Sall, when he demanded cancellation of Africa’s external public debt and rescheduling of private debt, in the context of the Covid-19 pandemic.

### 7. MULTILATERAL INSTITUTIONS AND PRIVATE CREDITORS

The scantiness of the suspended sums can be explained, on the one hand, by the fact that the World Bank, one of the major creditors – 18.9% of the Sub-Saharan debt concerned by the DSSI – declined to take part in any kind of reduction whatsoever. At the same time, it claimed to be concerned about the success of this reduction (-increase). On the other hand, private creditors, who in recent years have seen their share in Sub-Saharan public debt increase considerably,29 going from USD 56 billion in 2010 to 194 billion in 2019, 135 billion of which are owed to bondholders, practically kept out of the DSSI. With good reason: they were freer of constraints than the multilateral banks. As explained earlier, they garnered the total amount of the payments and interest they were owed in 2020 and 2021.

**On the other hand, Sub-Saharan debt stock went from USD 665 billion in 2019 to 702 billion in 2020.** For example, the DSSI States received loans from the IMF over that period: “last year we provided lending that was 13 times higher than the annual average of the previous decade”30 asserted the Managing Director of the IMF in March 2022.

IMF loans, let us recall, are always conditioned upon the implementation of “structural reforms” that are profitable for private Capital. Other bilateral, multilateral or private creditors have also lent money to Sub-Saharan Africa. Kenya’s external public debt, for example, went from USD 34.9 billion to 38.1 billion. Kenya is a major private borrower, and only joined the DSSI starting from January 2021, when it obtained a suspension of USD 209 million. Niger ranked lowest in the world on the Human Development Index in 2019 as it had in 2020, and is facing terrorism within its borders. Its debt service was suspended from May 2020 to December 2021 for USD 16 million, yet between 2019 and 2020 its debt went up from USD 3.6 billion to 4.5 billion. This continued in 2021 and 2022. Then in the present year of 2022, Ghana, which had ceased borrowing from the IMF since 2019, has again signed up to one of its programmes, due to over-indebtedness and the economic impact (inflation) of the Russian invasion of Ukraine. More than a third of Sub-Saharan States are now in a situation of over-indebtedness or exposed to the risk of becoming so.

These loans taken out in the pandemic years are used, among other things, to pay debt-servicing to private creditors. Thus, as the Jubilee Debt Campaign demonstrates, while private creditors were hostile to the DSSI initiative, in the end, they benefit from it.31 And they seem determined to fight the Common Framework which, more than a short suspension of payments, plans to reschedule the debts of States that apply. The borrowers do not seem interested in the principle of case-by-case handling. They are far fewer in number than those concerned by the DSSI: there have only been only three candidates since January 2021 (Chad, Ethiopia, then Zambia). (The committee of creditors for Zambia made its first

---


29 For example, according to the ADB’s African Economic Outlook 2019, “The composition of debt in Africa has shifted away from official and concessional foreign debt toward commercial debt, which has greater service costs” (p.19), https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/2019AEO/AEO_2019-EN.pdf


decision on 18 July 2022, to support Zambia’s application for an IMF loan.)

The international community again responded to a request from certain civil society organizations and African leaders in 2020, with an offer announced by the IMF in August 2021. This time it gave all member States 456 billion Special Drawing Rights (SDR) (USD 650 billion), which is the reglementary allocation of aid to member States in case of obvious necessity, non-repayable. These SDRs were to be unfairly distributed according to the institution’s principles: not “one country, one vote” but “one dollar, one vote”; in other words, in proportion to the equity share, or weight of the economy, of each State.

The size of a country’s population and its needs are of no consequence. Thus, the United States, Japan, China and Germany each received more than the whole of Africa. For example, the USA received USD 118 billion and China 43 billion, against USD 33 billion for the 54 African States. States like the Congo, Guinea, Equatorial Guinea, Chad, Malawi and Mauritania used practically all of their allocation to repay their IMF debt. In fact, some economic powers, aware of the scantiness of the allocations, promised to transfer (with interest) their share of SDRs (which they received free of any charges) to the so-called poorest States including Sub-Saharan ones. France, for example, offered to lend part of its SDRs to Sudan, under the guise of... aid.

8. CHINA, THE MAIN CREDITOR?

China is one of Sub-Saharan Africa’s big creditors.32 The sums China has lent to African countries have been on an upward curve, almost quadrupling in less than ten years. They rose from USD 40 billion in 2010 to 153 billion in 2019. China’s voracious appetite for natural resources takes the form of “generous” credits for securing those resources – made possible by an abundance of cash – in the name of supposed South-South solidarity and aiding African economies to emerge in their turn. This is supposedly generous South-South solidarity, but perhaps more importantly it is also classical capitalist economic relations, motivated by the quest for profit (for public and private Chinese capital), which weave a web of dependency. Such a status awakens fears of a new colonization,33 not “Western” this time, but Chinese. Nevertheless, it is external private creditors (commercial banks, bondholders, etc.), excluding the Chinese, who hold the largest portion of African debt and whose growing dominance was already well noted before the pandemic.34

9. FROM ILLICIT FINANCIAL FLOWS TO DOING BUSINESS

In Africa, part of the profits made are taken out of the countries illicitly, taking advantage of the tax optimization for big companies that makes countries attractive to foreign investors. This is confirmed in UNCTAD’s Economic Development Report Africa 2020.35 “Total capital flight amounted to roughly 88.6 billion US dollars per year on average in 2013-2015, or approximately 3.7% of Africa’s GDP” (p. 156), i.e. 2 to 3 times Africa’s external debt service for each of these three years, or more than so-called Official Development Assistance (USD 48 billion) or direct foreign investments (USD 54 billion). High government officials are also complicit with investors in this capital flight – in tax fraud, for example—, giving themselves privileges that may be legal or illegal, embezzling public money which then

---


becomes primitive private accumulation of capital, etc.

Through their policies, the IMF and the World Bank play into the weak capture of fiscal resources. The IMF favours VAT, the burden of which lies most heavily on the working classes, rather than progressive taxation of income and corporations. The World Bank also prevents any fair redistribution of wealth with the Doing Business project. The IMF and the World Bank leaned heavily on the defining and revision of mining codes, investment codes, petroleum and forestry codes, etc., largely in favour of big companies. For the sake of debt repayment, Africa sells off its resources and is forced by creditors to sell operating rights to foreign multinationals. In Mali, for example, the total amount of tax exonerations came to 203.4 billion CFA francs in 2015, i.e. 3.5 times the education budget.

According to the International Labour Organization, vulnerability related to debt has increased considerably in poorer countries. There is no point in attracting foreign investors to create jobs at all costs, if all or part of the profits made do not stay in the country. So the problem lies in the ability of developing countries to manage the tensions between development goals and the financial interests of transnational companies. It is those tensions that determine the degree of efficiency of direct foreign investments, in terms of development.

10. DEBT VERSUS SUSTAINABLE DEVELOPMENT GOALS

African States will only compromise their chances of attaining their Sustainable Development Goals (SDG) more if they continue to implement neoliberal policies. The real dynamics of the world are pushing it in the opposite direction to sustainable development. Reports on the growth of inequality, on ecocidal damage and dangers, have been coming thick and fast in recent years. The 17 Sustainable Development Goals look fated to follow a destiny similar to that of the eight Millennium Development Goals (in 2015) which were extended in vain, in a context where a gulf yawns between the discourse on supposed sustainability and the practice of the religion of growth; the proclaimed struggle against poverty and the growth of inequality.

11. SHAKE FREE OF THE “DEBT SYSTEM”

The socio-economic consequences of the pandemic have worsened the lives of hundreds of millions of people on all continents, already victims of the capitalist system before the Covid crisis began. To those can now be added the victims of the invasion of Ukraine. Yet the lords of the “international community” seem to have decided to do even less than the HIPC and MDRI initiatives (both denounced in their time as false solutions) by not cancelling debts. They never cease to prove, by their insensitivity to the sensible solutions to critical indebtedness and its social impact civil-society organizations have been proposing for decades, that “nothing is to be expected from the international financial institutions” or the other lords of the system (including the major powers). In fact, that insensitivity is only logical, dictated by the relentless pursuit of profit, though disguised with diversionary tactics and red herrings.

The same can be seen regarding the environmental question, so vital but brutally ignored by extractivist transnational companies, among others. Unfortunately, there is nothing to be hoped for from the ruling classes of Africa, either, whose interests lie in opposing any democratic mobilization against the “debt system” as the instrument of reproduction of a systemic human inequality that is more dynamic than ever. The only possible way out of the “debt system” is to construct an alternative dynamic to that of the bloodsuckers leeching populations through debt – a dynamic in favour of the democratic sovereignty of the people, learning from the lessons of previous failures in constructing panaficanism and internationalism.

---


37 www.clubdeparis.fr/?The-CADTM-denounces-the-G20’s-measures-on-debt
1. HOW DEBT AND DESPOTISM HINDER DEVELOPMENT IN THE MENA REGION

A wave of civil uprisings has broken out across the region of North Africa and the Middle East (MENA) since 2010–2011. It appears to be the region in the world with the greatest social inequality.⁴⁸ The deep poverty which characterizes the region, despite its wealth in natural resources, and the shock-wave that affected all the countries that make it up, attest to a long-term blockage of their development due to shared and specific factors. The global crisis of capitalism in 2007–2008 contributed to the exacerbation of inherent structural factors responsible for the region’s backwardness while neoliberal policies precipitated the social unrest. However, the application of these neoliberal policies was determined by the socio-political nature of the political regimes, characterized by nepotism and despotism.⁴⁹

THE SOCIO-ECONOMIC CONTEXT: NEOLIBERAL METHODS AND DESPOTISM AS BRAKES ON DEVELOPMENT IN THE REGION

The World Bank and the IMF wished to obscure their responsibility for the application of those neoliberal policies by blaming them on the “bad governance” of regimes that they had otherwise supported. They nevertheless coordinated their efforts with new governments, despotic regimes in place and imperialist powers to discredit popular movements and ensure that the multinationals maintained their strangle-hold on the wealth. They then continued to implement the same methods as before: promoting private investment to the advantage of big capital, expanding the so-called free-trade agreements, generalizing labour flexibility and resorting to indebtedness.

Thus, the external public debt of the region doubled in ten years, going from 17% of GDP in 2010 to 33.5% in 2019. This increase in external indebtedness was accompanied by a package of austerity measures that have intensified the decline in living standards for the majority of the population and led to a second wave of popular revolts since October 2019 in countries where the first wave had not been very widespread, such as Lebanon, Algeria, Iraq and also Sudan.⁴⁰

THE COVID PANDEMIC: MORE AUSTERITY AND REPRESSION

The coronavirus crisis aggravated the economic and social problems that had led to popular protests over the previous ten years. State budget revenues plummeted. Governments and the regimes in place, with the help of the IFI, found no other option than borrowing to resolve the financial crisis. External debt stock climbed to over 38% of regional GDP in 2020. The working classes and the poorest sectors of the population bore the brunt of the health and economic crises with a drop in income and increased unemployment for women and youth. The new variants of the Covid-19 virus are yet again likely to be used by regimes to further curb public freedoms.

---


⁴⁰ Omar Aziki, “Région arabe : les mouvements de protestations populaires sont le seul moyen pour sortir de l’abîme de l’endettement” (The Arab Region: popular protest movements are the only way out of the abyss of indebtedness), CADTM, 16 September 2020, https://www.cadtm.org/Region-arabe-Les-mouvements-de-protestations-populaires-sont-le-seul-moyen-pour  (in French only).
A WAVE OF INDEBTEDNESS EXACERBATED BY THE PANDEMIC

Graph 1: Evolution of total debt stock total and net transfer on external public debt for Developing Countries in the MENA region (in USD billion)

The new wave of indebtedness is clearly visible from 2012:

- External public debt (orange line) has more than doubled, from USD 130.36 billion to 267.84 billion in 2020. Total public debt has increased to 123% of GDP in Bahrain, 96% for Morocco, and for Egypt, Jordan and Tunisia it is over 80% of GDP. Lebanon reached a peak of USD 100 billion in 2021 for a GDP of USD 22 billion.

- Net transfer on public debt\(^41\) (in blue) was distinctly positive, going from USD 6 billion to USD 18.5 billion in 2020, the year of Covid debts. The reduction for the year 2014 is linked to world petroleum prices and a good cereal-grain harvest, which reduced energy and food imports.

The intensity of this wave of indebtedness, enhanced by the “new development loans” from the World Bank and the IMF after the popular uprisings, increased even more during the pandemic.

\(^41\) Net transfer on debt refers to the difference between the new loans contracted by a country or region and its debt service (annual repayments of interest + principal of the debt). Net transfer on debt is said to be positive when the country or region concerned receives more (in loans) than it repays. It is negative when the sums repaid are higher than the sums borrowed by the country or continent concerned.

Graph 2: Evolution of external public debt of DCs in the MENA region by creditor type (in USD billion)
As for the multilateral part, it increased in absolute figures from USD 41.27 to USD 71.52 billion. Although the IMF is a multilateral creditor, it is not named as such in the World Bank’s data base. Debt towards the IMF quadrupled between 2012 and 2020, going from USD 8.65 to 33.31 billion. Debt owed to the World Bank, including sums due to the IBRD and ODA, went up from USD 13.89 billion in 2012 to 29.84 billion 2020.

THE INVASION OF UKRAINE: A NEW LARGE-SCALE NEGATIVE SHOCK

The repercussions of the war in Ukraine are bound to affect the economies and populations of low- and middle-income countries, especially countries at war themselves like Syria, Iraq, occupied Palestine, Yemen and Libya. These countries, classed among the world’s biggest importers of food products and already confronted with growing inflation will be severely hit by the price-hike on food products, (especially wheat, other cereals and edible oils). They will also be impacted by gas and petroleum prices. Rising prices for agricultural inputs will mean more hardship for small-holders, who form the majority of farmers in the MENA region.

The slow-down of global economic growth will trigger a fall in hard-currency revenue from tourism, money transfers, direct foreign investment, and so on. The deficit of the trade balance and the balance of payments will be accentuated. Once again, the World Bank and the IMF, along with the regimes that apply their methods, will reason that the only solution for low- and middle-income countries, who have already entered a new wave of indebtedness with Covid-19, lies in more indebtedness and an acceleration of the liberal structural reforms that go with it.

ACCELERATING LIBERAL MEASURES THAT PROFIT THE PRIVATE SECTOR

In 2020, the World Bank and the IMF represented the top two multilateral creditors for DC in the MENA region at 46.57% for the IMF and 41.72% for the World Bank. They are exerting ever more pressure on the States of that region to accelerate the implementation of neoliberal structural reforms. World Bank officials summarize these reforms as follows:

1. Improve the business environment and deregulate the economy;
2. Enhance competition;
3. Open up to trade;
4. Raise the productivity of those in the informal sector sector;
5. Address subsidies, particularly for energy.

These measures of incitation to create favourable conditions for multinationals and local big capital will be paid for out of public budgets already in the red. New loans will be contracted that will further overburden them with debt.

Neoliberal reforms accelerate

In Tunisia

Since 2011–2012, indebtedness has been increasing in Tunisia. The country has been under constant pressure from the World Bank and the IMF to implement conditionalities agreed on loans granted it in 2013 (USD 1.5 billion), 2016 (USD 2.9 billion) and 2020 (USD 745 million). Its external debt even exceeded 100% of GDP in 2020. Tunisia is experiencing a profound economic, financial and political crisis. Discussions are under way with the IMF on a new agreement under the Extended Fund Facility.

In June 2022 the present government presented a programme of economic reforms that won the IMF’s approval. As well as incentives recommended by the IMF to revitalize private investments, for example by reducing the fiscal load for big companies, this programme includes reforms of the system of compensation for staple products, the system of subsidies for energy products and the civil service. For wage-earners and the working classes this means a generalized rise in the cost of basic food and energy products.

and of vital services such as health, education, transport and so on, along with a reduction in salaries.

The head of government announced very clearly that salaries would be reviewed (in the civil service) within the limits of the balance between public finance and debt sustainability. Tunisia’s central trade union, the UGTT, has rejected these reforms, calling a national strike in the public sector which paralyzed the country on 16 June 2022. It is calling for another general strike in the public sector and the civil service, at a date that has not been fixed at time of writing.

Morocco

Morocco “benefited” from several loans under the IMF’s Precaution and Liquidity Line (PLL). These were loans amounting to USD 6.2 in 2012, 5 billion in 2014, 3.47 billion in 2016, and 2.7 billion in 2018, and a loan of USD 3 billion in 2020. At present the country is negotiating another PLL with the IMF. These PLL agreements, which show how dependant and fragile the country’s economy is, demand the acceleration of neoliberal reforms in the areas of investment, taxation, the financial sector, exchange-rate flexibility, education and job flexibility.

Morocco’s experience in abolishing subsidies for energy products

The Moroccan State abolished energy subsidies as of 1st February 2014 for petrol and heating oil, 1st January 2015 for diesel, and proceeded to complete liberalization of prices for all three types of fuel in early December 2015. Thus, the price at the pump for a litre of diesel, inclusive of taxes and charges, rose from 7.98 dirhams on 1st December 2015 to 9.65 dirhams on 1st December 2017. The profit margin for oil companies rose from 1.95 dirham per litre to 1.95 dirham per litre. Diesel continued to rise to reach about 15 dirhams per litre in 2022.

Oil companies are accused of accumulating over 45 billion dirhams (nearly USD 4.5 billion) between the liberalization of prices up to the end of 2021. This is one of the sources of wealth of the present head of the Moroccan government, Aziz Akhannouch, estimated at USD 2 billion in 2022 by Forbes, who rank him 13th in the list of the 15 wealthiest Africans. There was a widespread citizens’ boycott of Akhannouch’s products in 2018. There is, at the time of writing, a massive social-media campaign against him and the rise of fuel prices. Those profits are paid for by consumers, either directly at the pump or indirectly through the general rise of prices related to Covid-19 and the war in Ukraine. The loss of households’ purchasing power is ever more acute.

48 Memorandum from ATTAC CADTM Morocco: support of the citizens’ boycott of consumer products marketed by the major capitalist groups. 21 June 2018. https://www.cadtm.org/Memorandum-ATTAC-Maroc-soutient-le-boycott-citoyen-de-produits-de-consommation (French only).
In Egypt

Egypt had already called on the IMF three times in recent years, borrowing USD 12 billion in 2016, 2.8 billion in 2020 and 5.2 billion in 2020. The measures that accompanied these loans have increased poverty (30 million Egyptians now live below the national poverty line). They have increased social inequality and the cost of living for working-class households. The regime is at present involved in discussions with the IMF in view of a fourth loan, of about USD 5 billion, through the Extended Fund Facility (the one Tunisia used) conditioned on practically the same structural reforms as those recommended for Tunisia.

DEBT SERVICE PUTS EVEN MORE STRAIN ON SOCIAL SPENDING BUDGETS

The external public debt service rises continually and did not cease to rise during the pandemic. Social spending budgets, already meagre, are in constant regression to guarantee debt payments. Public health services are very weak, as the pandemic brought to light. Debt service payments are way above public health spending in Morocco (9 times more), in Egypt (7 times) and in Tunisia (4 times). In 2019, Egypt devoted 6% of its State revenue to healthcare, while its debt service payments take up 20%. For Tunisia, it is 14% for healthcare against 26% for debt service.49

CONDITIONS OF INDEBTEDNESS ARE MORE AND MORE RESTRICTIVE

Alarming levels of indebtedness over the last decade and the accompanying neoliberal conditionalities imposed by the IMF, the World Bank and governments in place have already aggravated the economic and social situation of DCs in the MENA region. If the war in Ukraine is prolonged, the increase in prices of food and energy will be intensified as will the shortages of wheat and low economic growth. New loans will be required and several countries are already discussing them with the IMF, including Tunisia, Egypt and Morocco. Global conditions for funding are more restrictive. “Higher interest rates in advanced economies, particularly if combined with increased global market volatility, could have adverse consequences for capital flows, bond yields, and economic activity and could elevate debt stress.”50

Indeed, the effect of raising the interest rate, especially in the USA where it went from 0.25% in 2021 to 2.5% in 2022, could be worse for the DCs of the MENA region, in view of their bloated external public debt and the proportion (80%) denominated in US dollars. The currencies of the region’s countries have on the whole depreciated against the US dollar. In fact, the CFA franc zone51 suffered the same fate, not having any monetary policy lever to pull. The CFA franc being pegged to the euro, it has depreciated against the dollar as the euro did. Thus, countries using that currency and whose external debt is mainly denominated in dollars have seen their debt service increase. They have to pay out more CFA francs than they did before the euro depreciated against the dollar.

This depreciation also contributes to an increase in risk premiums on countries’ loans. The credit-rating agencies juggle with sovereign ratings. They influence decisions on loans, the conditions of sovereign debt and interest rates.52 Already four countries in the region were in suspension of payment in February 2021: Iraq, Lebanon, Syria and Yemen.53 The present situation of Tunisia also augurs that it will default on payment.


51 Benin, Burkina Faso, Côte d’Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo, Cameroon, Central African Republic, Congo, Gabon, Equatorial Guinea, Chad, the Comoros.


BLEAK PROSPECTS FOR THE POPULATIONS OF THE DCS IN THE MENA REGION

The economic context described above will have serious repercussions on broad swathes of the population in the MENA region countries, who are being hit hard by the multifactorial crisis of global capitalism exacerbated by the war in Ukraine. They are condemned to suffer significant reductions of income along with a huge increase in unemployment and hardship, especially for women and the young; a continuous fall in purchasing power and growing precarity and insecurity. The IMF, the World Bank and the political regimes in place continue with their neoliberal methods, always justified by the false “trickle-down” theory whose only tangible effect is a huge rise in inequality. “The 21 billionaires in the Middle East and North Africa (MENA), all of them men, saw their wealth increase by nearly USD10 billion since the start of the COVID-19 crisis, almost double the estimated amount required to rebuild Lebanon’s shattered capital, while 45 million more people in the region could be pushed to poverty as a result of the pandemic, a new Oxfam report revealed today.”

What the IMF and the World Bank fear most is the highly probable “social unrest” linked to the perspective of a debt crisis. However even in this area, their recommendations for good governance do not have any real impact. Political tyranny reigns in this region’s countries, with heavy repression of any form of contestation or mobilization, public freedoms trampled underfoot, harassment and imprisonment for any voices of opposition. The two international financial institutions themselves are instruments of tyranny in the hands of an international oligarchy (a handful of major powers and their transnational companies). They bolster up the international capitalist system that is destroying humankind and the environment. It was clear for all to see that they were a component of the counter-revolution in the process of uprisings in the MENA region, helping to stifle the aspirations of peoples to freedom, dignity and social justice.

To get out of the abyss, populations had no alternative but to put a stop to the nefarious actions of the World Bank and the IMF, and to cancel the debts whose repayment those institutions were demanding. In the MENA region, in 2011–2012, campaigns were waged to cancel odious debt in Egypt and Tunisia. In Lebanon, in the protest movement that began in October 2019, groups of activists demanded the suspension of debt payments. In June 2020, representatives of numerous social movements in the region launched an appeal for the cancellation of public debt.

The conditions are ripening for a fresh wave of popular uprisings in the region. Social struggles will be closely centred on the political struggles.

---


See the appeal in several languages at: https://callofpeoples.wordpress.com/
2. DEBT IN THE DRC: THE “GRAND INGA III” MEGAPROJECT

Although one of the richest countries in the world in terms of natural resources, the Democratic Republic of Congo (DRC) suffers from dramatic energy hardship. In 2020, only 19% of Congolese people had access to electricity. Outside large towns, this figure drops to less than 4%, or less than one person in 20.56 This energy deficit is blocking the country’s economic development, as is testified by the DRC’s GDP per inhabitant, the lowest in the world.

For some years, the Fédération des entreprises du Congo (FEC – Congo Business Federation), has organized an annual conference on energy. The aim of this employers’ organization is to defend the interests of private actors involved and support investment projects in the energy sector. In 2021, the FEC organized the 5th Conference on Energy in Lubumbashi, in the Province of Haut-Katanga, during which the government vaunted its Grand Inga III project as the answer to the energy deficit. This was nothing new, as the government had presented the Inga III project at each of its previous conferences in its format of 4 800 MW (Low Head), or its format of 11 050 MW.

A SHORT ACCOUNT OF THE GRAND INGA PROJECT

The Western powers have known of the site of Inga since the 19th century, because of the difficulty that the area presents for the navigability of the River Congo. In fact, at the level of the Inga rapids, the River Congo undergoes a drop in altitude of 96 metres over a distance of 14 kilometres. It was around 1925 that studies showed that one could erect numerous hydraulic dams here.

Yet not until 1967 did ex-President Mobutu make the decision to build the first hydro-electric power plant named Inga I, then later on, Inga II. President Joseph Kabila then decided to pursue development of the Inga site (Inga III to VIII) to construct a huge hydro-electric complex. On 16 October 2018, the government signed an exclusive development deal for Inga III project at each of its previous conferences in its format of 4 800 MW (Low Head), or its format of 11 050 MW.

The cost of the project to implement the Grand Inga development is estimated at about USD 13.9 billion, for a construction period of 6 to 7 years.

CONTEXT OF THE GRAND INGA PROJECT

The DRC’s low rates of access to electricity is paradoxical, in view of its hydro-electric potential, among the greatest in the world and estimated at approximately 110 Gigawatts. Yet fewer than 20% of Congolese have access to electricity, and only 4% in rural areas, compared to an average of 42% on the African continent.

Partisans of the project argue that Inga III would reduce poverty and stimulate shared prosperity in DRC by generating revenue for its government that could be allocated to poverty reduction programmes. It would also enable more people to access electricity in the DRC and provide opportunities for bankers, industrialists and various Congolese and foreign operators to invest in the DRC. This in turn would mean job-creation in a country with a high rate of unemployment.

The investment formula favoured for this project of dam-building and hydro-electric energy is public-private partnership, involving DRC government investments and a consortium of private international companies.

It was after a pre-feasibility assessment, “EDIRA” (for Assessment for Development of the Inga site and Associated Networks, in French), carried out by the group AECOM and the French multinational EDF, that the government decided to go ahead with the Grand Inga project. The idea was to build the biggest hydro-electric complex in the world at the Inga site, that would produce a total of 44 000 MW. The project was to be carried out in 7 phases: Phase 1: Inga III Basse Chute (Low Head): 4 800MW; Phase 2: Inga III Haute Chute (High Head): Max 7 800 MW; Phase 3: Inga IV: 7 180 MW; Phase 4: Inga V: 6 970 MW; Phase 5: Inga VI: 6 680 MW; Phase 6: Inga VII: 6 700 MW; Phase 7: Inga VIII: 6 750 MW.

One of the outcomes of this pre-feasibility assessment, financed by the African Development Bank (ADB), was the first development model for the Inga III project. The model, backed by the ADB, consisted of a format producing 4 800 MW for a budget of USD 12 billion. The power thus produced would be shared between South Africa (2 500 MW), the mining industry in the former province of Katanga (1 300 MW) and the national energy company, Société...
nationale d’électricité (1 000 MW). The other model is that of the Chinese-Spanish consortium, which proposed to sell the energy produced to South Africa, the Société nationale d’électricité, and the mining industries as well as to other countries including Angola and Nigeria.57

ADVERSE EFFECTS OF THE PROJECT

However, this project is, according to several sources among which is the Youth Parliament of the DRC, at the root of several cases of human-rights violations, of corruption and of abuse of power. To begin with, it was set in motion in violation of the law regarding public procurement, negotiations were opaque, and there was violation of the right of access to information. The local communities and Civil Society were in no way involved in the Grand Inga project.

Furthermore, the project will have negative consequences for the environment, such as loss of quality of freshwater, degradation of nature and biodiversity and the disappearance of certain aquatic species. This raises the question of the supposed ecological character of the Inga project and claims that RDC is an “environmental power.”58 There is a danger that Inga III will destroy means of subsistence that the new jobs will not be able to compensate for.

Moreover, the project will cause the displacement of about 40 000 people, members of the communities of the Inga site, with neither indemnification nor proposed rehousing. Yet these communities are the custodians of natural resources. What is planned is a colonial-style continuation of pillage of natural resources. The project has thus been put in place without consideration of the population living on the Inga site and to the benefit of multinationals which are going to exploit resources in situ and profit from them, with all that entails in terms of negative impact on society and the environment.

INCIDENCE ON DRC’S DEBT

For the government of the DRC, the construction of Inga III is likely to cause a loss of already limited financial resources rather than provide a new source of revenue. Indeed, it is estimated that Inga will cost USD 13.9 billion, of which the government of DRC is to contribute USD 3 billion acquired through concessional loans. Private partners will provide the remaining 11 billion.

The most recent figures from the IMF and the World Bank indicate that DRC’s external debt is USD 6.5 billion, i.e. 16% of GDP in 2018. Inga III will further indebt the government to the tune of USD 3 billion. This will bring the external debt to at least USD 9.5 billion, i.e. 24% of GDP. There is then the risk that the IMF and the World Bank will modify their rating of DRC, from a “moderate risk” of over-indebtedness to “high risk.” Such a rating would further reduce the number of lower-interest loans from public institutions that DRC could get, leaving the country’s future in the hands of private creditors whose only aim is to make profit.59

58 Former RDC Minister of Environment José Endundo Bononge referred to the country as an “environmental power” (“puissance environnementale”): https://7sur7.cd/jose-endundo-garantie-projet-transaqua-recaler
IN FAVOUR OF SUSPENDING INGA III

The Inga III project is merely a white elephant\textsuperscript{60} and will only increase the stock of external debt, damaging the country’s economic health in the long term. As is often the case when it comes to public-private partnerships, any contract signed or any payment made concerning Inga III in the present context is more likely to fill the pockets of those in power and multinationals rather than really contribute to improving access to electricity for the Congolese population. The Spanish, Chinese and South African companies considering responding to this offer, and any other international actors, should be aware that any money they shell out on the Inga III project will merely reinforce the corrupt system. The operation of Inga III would not even cover the payment of the DRC’s external public debt; but on the contrary, it will drive the country even deeper in debt, while other countries and international investors garner the profits.

Yet if the DRC truly intends to reach its objectives of improved energy access and economic development, the best thing it could do would be to suspend the Inga III project until it can get guarantees of good governance and explore the solutions offered by micro-hydroelectricity and solar energy. If the DRC invested its limited concessional loans in alternative energy sources, that electricity would reach far more users at less cost, in more diversified areas, and would create significant economic gain.

\textsuperscript{60} “A qui profitent toutes les richesses du peuple congolais ? Pour un audit de la dette congolaise” (Who benefits from the wealth of Congo’s people? For an audit of Congo’s debt) CADTM, 2007 (in French): http://www.cadtm.org/ Pour-un-audit-de-la-dette
EU – AU: FOR A COMPLETE RECONSTRUCTION OF RELATIONS BETWEEN EUROPE AND AFRICA

The existing relations between the European Union (EU) and Africa are inherited from the centuries-old relations between Europe – or in any case its successive powers – and Africa. From the very beginning of the modern era, their interaction – with other parts of the world as well – has constructed the dynamic half-millennium of Capital. Thus there is Africa in Europe, as there is Europe in Africa. These relations, unfortunately, have been constantly asymmetrical and non-egalitarian – not to say predatory – at the expense of an Africa deemed naturally subaltern. They have evolved from human trafficking and slavery, over the Atlantic and the Indian Oceans, through colonization to neo-colonial dependence. (Colonization obviously includes protectorates and trusteeships). With the accompanying wars – to preserve colonial domination, on one side, and to break free of it, on the other.

As a matter of fact, it was during the worldwide reform of colonialism following the Second World War, and then the transition from colonialism to neo-colonialism, that the foundations of today’s EU were laid. Africa’s share in this stage of the EU’s construction took concrete form in, for example, the Eurafrica project, which certain so-called “fathers of independence” ardently defended. The Treaty of Rome, which instituted the European Economic Community (ECC), shows traces of this in its reference to “the association of overseas countries and territories with the Community with a view to increasing trade and to pursuing jointly their effort towards economic and social development.” (Art. 3).61 The “colonial origins of the European Union” are referred to in a 2014 study.62

FROM THE YAOUNDÉ CONVENTION TO THE LOMÉ CONVENTION

In 1963, when some of these colonies and protectorates had acquired independence and in the context of the Cold War, the Yaoundé Convention between the six member states of the EEC at the time and 18 African States was signed. Its full designation was Convention of Association between the European Economic Community and the African and Malagasy States associated with that Community. The Convention’s main aim was to allow the EEC market duty-free access to raw materials from Africa, without reciprocity (exports from the EEC were taxed by Customs in the associated African States).

The Yaoundé Convention is the first in a series of accords that includes Yaoundé II (1969–1975), Lomé I–IV (1975–2000), Cotonou (2000–2020) and post-Cotonou (2020–2040) and which brought in other countries in Africa, the Caribbean and the Pacific (ACP) as more countries achieved independence and the EEC enlarged (becoming the ACP/EEC) and became the EU in 2000 (ACP/EU) – the ACP States are now the Organization of African, Caribbean and Pacific States (OACPS). The States of North Africa, which were independent before 1957, were not included,63 and would enter into bilateral agreements (largely beginning in 1969) with the EEC/EU, followed by the Euro-Mediterranean Partnership (EUROMED, 1995), which in turn was the origin of the Union for the Mediterranean (UfM, 2008) and free-trade agreements (Tunisia, 1998; Morocco, 2000; Egypt, 2004; Algeria, 2005) which were to evolve into Deep and Comprehensive Free Trade Agreements.

61 The fourth part of the Treaty (Art. 131-136 bis) and its Annex IV are devoted to the association.
63 Algeria, considered part of France until 1962, was not part of the association.
While the Convention, in its preamble, speaks of “co-operation on the basis of complete equality […] pursuing in common their efforts towards economic, social and cultural progress in their countries […] strengthen[ing] their economic equilibrium and independence,”64 that path was not followed – as was recalled, nearly a decade into the Convention, by that unshakeable Europhile and Eurafrican, head of the Senegalese State Léopold Sédar Senghor.65 “The gravest aspect of the situation of the association, and of Eurafrican relations more generally, is the fact that the spirit, and even the letter, of Title I of the Convention have often been violated much to the chagrin of the African countries, which, once again, as a whole, are the poorest countries in the world.”66

States have generally maintained the economic specializations put in place by the colonial administrations. Côte d’Ivoire, for example, has specialized in supplying the metropolitan market with cocoa, pineapple, and bananas; the same is true of Senegal, with peanuts; sugar cane in the case of Mauritius; tea for Kenya. This has almost always been the case, from the colonial territories to post-colonial/neo-colonial States.

The Lomé Convention – also entered into in the context of the Cold War and demands before the United Nations for a new international economic order – had protected products from African countries from the consequences of downward fluctuations of market prices. This also consolidated specialization – already effective in the Yaoundé Convention – in monoculture cash crops generally reserved for exportation to the European colonial metropolitan markets. This specialization was generally at the expense of food crops, that is, of the food self-sufficiency of these countries, which at the same time, through the colonial and then the neo-colonial period, were turned into markets or outlets for manufactured goods imported from the neo-colonial metropolises, then from the EEC, and sold on the markets and in the shops of African cities and villages.

THE COTONOU AGREEMENT AND THE ECONOMIC PARTNERSHIP AGREEMENTS

The Cotonou Agreement was entered into in quite a different context – that of a world where free-tradism was spreading, as one of its articles notes: “Given the current level of development of the ACP countries, economic and trade cooperation shall be directed at enabling the ACP States to manage the challenges of globalisation and to adapt progressively to new conditions of international trade thereby facilitating their transition to the liberalised global economy.” (Title II, Chapter 1, Art. 34: “Objectives” Para. 2). Accordingly, anything in the Lomé Convention considered incompatible with neoliberalism was not retained. The Cotonou Agreement (ACP/EU) aggravated the inequality of relations, obviously to the detriment of the African ACP “partners.”

At the end of its two programmed decades of existence, the Agreement was to have been replaced by Economic Partnership Agreements (EPAs), originally planned for 2007–2008. But their neoliberal bias – more favourable to the European Union and, through the elimination of non-reciprocity, an obvious source of significant reductions in customs revenues (unjustly compensated for by more and/or heavier taxation, whose burden ends up on the backs of the poorer social strata) for the African States concerned – results in a certain reticence in ratifying them on the part of many African States of the OACPS. Fourteen States, or fewer than a third, are currently committed – due to their stronger dependence on exportation towards the EU market – to the EPA with the EU, provisionally or temporarily, pending ratification or signing by each of the African sub-regional economic communities or groups.

For example, whilst industrialized South Africa, Africa’s second-largest economy – along with five others in the Southern African Development Community (SADC) – is in the provisional application phase of the EPA, the continent’s largest economy, Nigeria, has not yet even signed the West Africa EPA. The Cotonou Agreement having been extended through June 2023,67 the next association for these African members of the OACPS is the Samoa Agreement, also called the Post-Cotonou Agreement, which “is based on a deepening of the EPAs and their extension to the so-called Singapore topics: services, competition, public procurement, intellectual

65 Léopold Sédar Senghor was president of Senegal from 1960 to 1980.
67 It would appear that there is no consensus as regards migration in the European Union.
property and investments.”68 In other words, among other things this is a way of getting around the reticence of the OACPS members to adopt EPAs that would benefit the EU. Given the EU’s preference for so-called “continent-to-continent” relations, will this agreement also impact the countries of North Africa who have ratified the AfCFTA (African Continental Free Trade Area), supposedly already in force? Each of those countries is bound by a Free-Trade Agreement (FTA) with the EU (Tunisia, 1998; Morocco, 2000; Egypt, 2004; Algeria, 2005), but none of the first three, since 2013, has taken the further step of moving to the Deep and Comprehensive Free Trade Area (DCFTA), whereas the fourth has never even begun negotiations.69

Despite much talk in recent times of a supposed change to relations between equals, the EU still tends to impose its vision of “development” on its so-called African “partners,” whose ruling classes generally offer nothing resembling an emancipatory social project (nor is Agenda 2063, the programme adopted in 2013 by the African Union, one).70 All of which doubtless explains the reticence of the African and North African OACPS countries to commit themselves. Even when decorated with the word “sustainable” or supposedly committed to “eradicating poverty,” “development” remains the development of capitalism. Transnational corporations of EU origin, like others, produce poor workers and draw wages down below the decency line – an area in which Africa holds worldwide leadership. Historically, by its very nature, Capitalism – despite the parenthesis of the thirty or so boom years following the Second World War – is more a producer/reproducer of inequalities than an eradicator thereof. And the current increase in poverty and inequality since the onslaught of neo-liberalization, even in societies within the EU itself, only confirms that fact. Only the resistance of the working classes prevents those inequalities from becoming even graver.

TALK OF EQUALITY, REPRODUCTION OF DOMINATION

With the complicity of local ruling classes, these transnationals engage in tax optimization (which, admittedly, is legal), tax fraud and capital flight, which worsen States’ budget deficits and consequently their indebtedness. From this point of view, the share of grants in “Official Development Assistance” may be considered relative compensation for tax fraud, capital flight, etc. As quid pro quo, European banks are complicit with the African ruling classes, who rob local public resources, including from foreign loans, which they invest and transform into private fortunes in EU countries, among others. Big European banks are cited in the various leak scandals that have made headlines in recent years – even acting as “mules” laundering stolen public monies via tax havens. From which of course they derive profits, profit being the fundamental principle of capitalist morality.

The EU also imposed its “vision” for achieving supremacy of the private sector via “public-private partnerships” (PPPs) involving European companies, more and more in vogue in Africa since the 2010 decade, but whose performance, in the EU itself, is poor. According to the European Court of Auditors (ECA), “EU co-financed Public Private Partnerships (PPPs) cannot be regarded as an economically viable option for delivering public infrastructure […].”71

The EU, through the participation of its Member States in the African Development Bank, also plays a part in the imposition of agribusiness, including by promoting land grabbing, which is destructive to medium and small African farmers. It plays a major role in the “Green Revolution,” digitization in agriculture, etc. This is tantamount to an adaptation to Africa of the EU’s Common Agricultural Policy, which is also destructive to small farming in Europe, as well as to non-human nature.

Another means of forcing adherence to that “vision,” one considered as being suited to the poorer social strata in Africa, is the development of micro-credit, which is universally72 proving to be a creator of poverty, above all among women.73 Integrating


70 It is not enough to rid ourselves of the term “development,” as the French President had announced concerning the Agence française du développement (AFD) at the New Africa-France Summit in Montpellier (October 2021), or to claim to be “changing the paradigm,” while continuing to focus on “growth,” “infrastructure development,” and “entrepreneurship” to ensure the “primacy of the private sector.”


women into neoliberalism under the pretext of contributing to their emancipation is characteristic of the dominant social discourse (of UN agencies, multilateral development banks, the World Economic Forum [WEF], etc.) The extension of the “Debt System”\textsuperscript{74} to individuals is still on the agenda, despite the subprime mortgage crisis. From the Bretton Woods institutions to micro-credit agencies: same logic, same system.

The European Union’s presence in Africa also takes the form of political support for non-democratic regimes with which the EU Member States have common interests – common, but needless to say differentiated, including in the area of “security.” That support amounts to nothing less than encouraging violations of human rights. For example, in addition to France, other EU States have become involved in so-called anti-terrorist operations in Africa which in fact provide masked support for regimes with little or no real legitimacy where it suits their strategic interests. This only encourages the people – whose political consciousness is the product of their neo-colonial situation – in more than one country to show preference for the Russian private military force Wagner, when the alternative is the poorly concealed motivations of the French military presence, now still feeling the sting of the failure of France’s neo-colonial military policy in Mali. (Admittedly, that was provoked by a regime that is the very caricature of the political adventurism of military cliques so familiar in Africa).

Without downplaying the shared responsibility of African leaders or calling into question the relevance of “development” itself, it is not hard to conclude that EU aid to development has not developed Africa, nor has it encouraged its economic independence. The billions of USD or the equivalent in Euros spent by the EEC/EU to finance said development of Africa for nearly 60 years now have mainly served to grease the mechanisms that reproduce the dependence of Africa’s economies and the subjugation of her peoples. Were that not the case, for example, “eradicating poverty” in our African partner countries would not still be a goal after almost six decades of cooperation towards that development. This can surely not escape the intelligent individuals working for the European Union, despite the generally positive nature of their official discourse.

The economic and social consequences of this EU policy are one of the factors driving the so-called “clandestine” migration to EU countries. That migration is causing the ongoing tragedy in the Mediterranean and in African border territories, as migrants run up against the Schengen Wall; under neoliberal globalization free circulation of merchandise is sacrosanct, and it is incompatible with free circulation of persons. And African States have agreed to serve as outposts of that Schengen Wall on their own territory – “externalization of border management” as it is called in EU technocratic jargon.

**FROM THE EU’S HUMANIST POSTURING TO CHINESE COMPETITION**

The EU’s humanist posturing, supposedly demonstrating a commitment to human rights, democracy and human dignity, is not fundamentally different in its motivations from that of the international financial institutions – first among them the World Bank, which for decades has claimed to be working towards a “world without poverty,”\textsuperscript{75} and the IMF with its talk of “reducing poverty” in the new version of its neoliberal structural adjustment programmes. Their handling of the question of the external public debt of African States during these Covid-19 years demonstrates that.

Since the state of public-health infrastructures in Africa, generally, and the often precarious situation of its poor classes raised fears of the worst happening during the pandemic, the idea arose of cancelling the debt of States considered poor, many of which are in Africa, to enable them, rather than continuing to pay debt service, to devote money to the equipment needed for public-health centres and social-solidarity measures for the poorest and most vulnerable people. Posing as humanist and a defender of human rights, the EU could have made its voice heard on the strength not only of its status of power but also of the weight of certain of its Member States within the IMF, the World Bank, the African Development Bank, the Paris Club, the G7 and G20, etc. But that did not happen. Instead, the EU aligned itself with the Debt Service Suspension Initiative (DSSI), dating from April 2020, which did not even lighten the burden of debt service as such. Only a penalty-free delay of payment was granted… whose prolongations were touted as heroic achievements.

---


\textsuperscript{75} James D. Wolfensohn, President of the World Bank, World Development Report, August 2000.
on the part of the “international community,” also thanks to the participation of the European Union – with, as the apotheosis of generosity, the “Common Framework for Debt Treatments.”

Official African voices were expecting further efforts beyond these two initiatives to emerge from the European Union–African Union summit (February 2020), announced by EU Council President Charles Michel as the “starting point of a new alliance.” As Vera Songwe, then Under Secretary-General of the United Nations’ Economic Commission for Africa (ECA), for example, said with a certain pusillanimity: “European creditors could also show greater creativity: debt reductions in exchange for measures for adapting to climate change could be proposed as options in the Common Framework.” The G5 Sahel, for its part, called for nothing less than cancellation of Africa’s debts. But the subject was simply “swept off the table,” as though the DSSI and the Common Framework said it all. The European Union seems to accept what had been said the previous year, in N’Djamena, by the then president of the EU, France’s Emmanuel Macron, during the aforementioned summit: “There is no point in restructuring Africa’s debts to Europe or the USA if it’s only to contract more debts to China. Which has been done very often in recent years.”

Chinese activism in Africa is a spectre haunting the European Union. The EU’s domination, through its conventions with Africa and its traditional leadership as an investor and supplier of said “official development assistance,” is considered threatened, if not already superseded. The EU has tried to counterbalance the threat by opposing China’s Belt and Road initiative via the Global Gateway, calling for USD 150 billion in investments in Africa (investments that also include loans). China has responded to the accusation of its having set a “debt trap” for its African partners – leading to demands for “transparency” regarding Africa’s public debt and involvement of the new creditors in its restructuring, expressed more than once by EU officials – by doing more than the Paris Club and the DSSI, first of all by recently cancelling a part of the debt of 17 African States (whilst not, in a certain tradition of opacity, revealing the amounts and the States involved). Will the European Union, and also its Member States, do as much or more in this race for influence among capitalist powers in Africa, which is harmful to Africa’s peoples? Will the existence of emerging capitalist powers, mainly China (admittedly non-democratic and non-egalitarian), make the European Union – speaking now in terms of “equal to equal” relations – egalitarian towards Africa?

ANOTHER EUROPE AS A CONDITION OF Egalitarian RELATIONS WITH AFRICA

As everywhere in this world currently under the hegemony of a capitalism that is globally non-egalitarian and ecocidal, it will take action by the poorer social classes and other oppressed social categories, as well as by defenders of living organisms against a fundamentally ecocidal capitalism, to re-invent the European Union. Only with the victory of such a dynamic will the project of an egalitarian “cooperation” between African and European societies in solidarity be able to take concrete form in Europe.
CONCLUSIONS AND MAIN ALTERNATIVES

The present study shows that international solutions are insufficient, and above all that they only perpetuate the inequalities existing in the world. As a logical extension of the international campaigns for debt cancellation in the 2000s, other national and international campaigns pursuing the same goal were launched with the emergence of Covid-19, to enable African States to face the health crisis and implement a post-Covid-19 economic recovery plan. That is the origin of the Initiative d’Annulation de la Dette Africaine (IADA – Africa Debt Cancellation Initiative) put in place in Senegal in 2020.

The platform mobilised participants including the CADTM network (who provided critical support), Eurodad, Womin, Afrodad, etc., around the slogan of out-and-out cancellation of debts. As part of this synergy of actions, the various structures involved in this campaign for cancellation of African debt launched declarations to African heads of state, heads of state of the G7, and the international financial institutions recalling Thomas Sankara’s call for refusal to repay debt in his speech on 29 July 1987, at the 23rd summit of Heads of State and Government of the Organization of African Unity held in Addis Ababa, Ethiopia.80

In summary, in view of the inability of Africa’s States to throw off the trap of indebtedness despite the enormity and diversity of their wealth, the flight of their capital through tax fraud and tax evasion, the loss of large sums of money they are subjected to through free trade and the obvious failure of the proposed false solutions to the African debt crisis, the CADTM refuses to compromise and demands out-and-out cancellation of Africa’s illegitimate external public debt.

Accordingly, keeping in mind that many of these debts are illegitimate or odious and have already been repaid many times over, the CADTM, along with more and more numerous social movements, is convinced that a struggle must be waged for the implementation of a vast anticapitalist program that includes a series of fundamental measures:

**Cancel debts and oppose the conditions imposed by creditors**

- We must evolve from an approach that is limited to reducing the debt burden and call for out-and-out cancellation of these debts (as well as abandonment of the macroeconomic conditions that accompany them), public or private, beginning with payments that have already been suspended;

- All possible leverage must be used to require the private sector to do its share in restructuring operations, including via legislative means;

- According to calculations made by the NGO Jubilee Debt Campaign, cancellation of the debts due the IMF and the World Bank by countries eligible for the DSSI in the period from October 2020 to December 2021 could be financed very easily with profits from the sale of only 6.7% of the gold held by the IMF. That would bring in up to USD 8.2 billion for the countries eligible for the DSSI. Were that to be done immediately, the IMF would still hold USD 164.5 billion in reserves.

Conduct an audit of public debt with citizen participation

- An audit of the debt of all debtor countries must be conducted, associating the lower strata of civil society in the process, both in the creditor and the debtor countries. Such an audit would reveal the irregularities and the illegitimacy of certain debts whose creditors continue to receive repayments today;
- To do this, any and all documents, including those classified as “national-security secrets,” which can throw light on the origin of the debts whose repayment is demanded by the various categories of creditors must be made available to the citizens of African countries through their autonomous associations/organizations.

Act unilaterally to ensure effective protection of human rights

- International law makes it possible for States to act unilaterally to free financial resources needed to protect their populations and ensure fundamental human rights. Faced with the burden of debt, States may immediately suspend repayment in order to comply with their international commitments regarding protection of human rights, as defined in the Charter of the United Nations, the Universal Declaration of Human Rights (UDHR) of 1948, the Charter of Economic Rights and Duties of States (1974), the Declaration on the Right to Development (1986) and the International Covenant on Economic, Social and Cultural Rights (ICESCR) of 1966;
- This will enable States to invest in strengthening public systems and establishing better public services that are free for everyone.

Lift private patents to provide access to health care for everyone

- Suspend private patents on all technologies, knowledge, treatments and vaccines related to Covid-19;
- Eliminate trade secrecy and publish information on the costs of production and public investments used in developing vaccines, in a way that is clear and accessible to the population as a whole;
- Ensure universal, free access to vaccination and treatment;
- Expropriate private pharmaceutical companies and research laboratories, without compensation, and organize their transfer to the public sector under citizen control.

End unfair taxation

- Extend the Belgian law against operation of vulture funds81 to European Union level;
- Oppose the systematic promotion of the private sector for financing development in African countries, and in particular oppose the promotion of public-private partnerships (PPPs);
- Oppose investment treaties which include sovereign debt and the regulation of disputes between investors and States in their scope;
- Put an end to official development assistance in its current form and replace it with a “contribution to reparations and solidarity,” without conditions and in the form of grants, excluding debt cancellations and amounts that do not serve the interests of African peoples from the calculation of said contribution;
- Heavily sanction companies who are guilty of any form of corruption of civil servants in African countries;
- Sanction high government officials and political personnel in European countries who have encouraged or encourage various forms of spoliation of African peoples;

• Heavily sanction banks (up to and including revoking banks’ licenses and levying heavy fines on them) who engage in money laundering, tax evasion, capital flight, financing of activities that contribute to climate change, and spoliation of African peoples;

• Put an end to the CFA franc.

Towards a policy of legitimate indebtedness to socialized banks

• Socialize banking and insurance by expropriating major shareholders, in order to create true public savings, credit and insurance services under citizen control;

• Ensure that public authorities conduct legitimate bond issues to struggle against the environmental crisis and boost the social sector;

• Finance African countries, outside of official development assistance, via zero-interest loans, reimbursable in whole or in part in the currency preferred by the debtor;

• Introduce taxes on wealth (the assets and revenue of the wealthiest 1%) to finance the fight against the pandemic and ensure a socially just and ecologically sustainable emergence from end-stage capitalism’s worldwide crises;

• End support for the abusive micro-credit system and its institutions and work to replace them with true cooperatives managed by local populations and a public credit service granting loans at zero or very low interest.

Establish an authentic reparations policy

• Make official public apologies for all the crimes and wrongdoings against Africa’s people committed by the European powers, and establish the right to reparations;

• Affirm the right to reparations and/or compensation of peoples who are the victims of colonial pillage and spoliation enabled by the mechanism of debt;

• Expropriate the “ill-gotten gains” of politicians and the dominant classes in Africa and return them to the populations from whom they were stolen via a special fund for human development and restoration of environmental balances under the effective control of the citizens of the countries concerned;

• Recognize the environmental debt due Africa’s countries and make reparations and/or compensation, covering the necessary expenditures via a tax or fines levied on major corporations who are responsible for pollution.