Making illicit flows of capital licit: why reversing Africa’s Resource Curse requires calculating natural capital accounts and ecological debt

Patrick Bond, University of KwaZulu-Natal Centre for Civil Society and School of Built Environment and Development Studies, Durban

presented to the 10th Anniversary Conference of the African Union Convention on Preventing and Combatting Corruption

Arusha, 7 December 2013

Africa suffers most from world economic & ecological crises: how to reduce our vulnerability, and make those responsible for the mess pay the clean-up bill?
Stagnation as symptom of World economic crisis.

Sources: World Bank, World Development Indicators 2003 (online version) and World Bank, Global Economic Prospects 2004.
world finance delinks from real economy:
market value of financial assets and aggregate global GDP at current prices (billion US$)

Source: Leda Paulani, USP with McKinsey Global Report data
2008-09 stock market crash compared to 1929-30

World stock markets

June 1929 = 100
April 2008 = 100
Jun09 Update

...initially worse than 1929

Source: Eichengreen and O'Rourke
2008 commodity prices
change in percentage, July – December


Africa far too dependent upon primary exports
fiscal deficits soar with desperation-Keynesianism

in the North, frantic bank bailouts and ‘fiscal stimulation’

deficit spending (USA reached 13% of GDP)

Source: IMF staff estimates.
by 2011, wealthy governments’ debt reached (political) ceiling...

...vast increase mainly reflects bailout of US and European banks in late 2008

Euro meltdown and US ‘sequestration’ paralysis follow shift from private finance panic to public debt crisis and austerity
other band-aids: derivatives, ‘Quantitative Easing’

Figure 3.1. Global Over-the-Counter Derivatives Markets
(In trillions of U.S. dollars; notional amounts of contracts outstanding)

- Unallocated
- Commodity
- Equity-linked
- Foreign exchange
- Credit default swaps
- Interest rate
- Total exchange-traded contracts

Figure 4.1. Global Liquidity
(In billions of U.S. dollars; GDP-weighted; quarterly data)

US Fed panics, prints money

derivatives still very risky, probably exceed $1500 tr
G20 leaders grapple with risks of reduced monetary stimulus

By George Parker, Courtney Weaver and Charles Clover in St Petersburg

Leaders at the Group of 20 summit were on Thursday grappling with the risks posed by a potential reduction of US monetary stimulus and worries over trade protectionism amid a shift of economic momentum towards advanced economies.

After years of agonising over sluggish growth in the developed countries, G20 leaders confronted fears that turmoil in some emerging markets – including India – posed a serious new threat to global growth.

China entered the intensifying debate over the global impact of the US Federal Reserve’s monetary policy on Thursday, when it urged the world’s largest economy to be “mindful of the spillover effects” as it weighs reducing its support for financial markets.

Amid fears that the tapering of US quantitative easing policy that led to a flood of capital into emerging economies – will cause serious disruption, G20 leaders were working overnight on the delicate task of drafting communiqué language on the issue.
the Great Deceleration: BRICS lead
current stage of financial destruction: South Africa joins the ‘fragile five’

emerging market victims of Bernanke $ ‘tapering’ fix
will we see financial ‘deglobalisation’? emerging markets begin closing capital accounts

Cross-border capital flows, $trn*

*20 countries based on an index developed by Menzie Chinn and Hiro Ito, which tracks restrictions on cross-border financial transactions

Source: European Central Bank

*2012 exchange rates, 173 countries

Source: McKinsey Global Institute
more exchange controls needed

Tanzania, Rwanda and Kenya were far less dependent and volatile in 2008-09

Controls on:
- Capital market securities
- Money market instruments
- Collective investment securities
- Derivatives and other instruments
- Commercial credits
- Financial credits
- Guarantees, sureties, and other financial backup facilities
- Direct investment
- Liquidation of direct investment
- Real estate transactions
- Personal capital movements

Provisions specific to:
- Commercial banks and other credit institutions
- Institutional investors

Key:
- Indicates that the specified practice is a feature of the exchange system
- Indicates that data were not available at time of publication
- Indicates that the specified practice is not regulated


1Volatility is measured by the ratio of the standard deviation of the exchange rate to its annual average.
2Financial Integration is measured by the level of Non-official Financial Flows in 2008.
in context of global crises, enter BRICS

“a new global economic geography has been born”

– President Lula da Silva, BRICS Brasilia Summit, 2010
BRICS leaders meet in Durban, March 2013

Manmohan Singh       Xi Jinping       Jacob Zuma       Dilma Rousseff       Vladimir Putin
against slavery, colonialism, neocolonialism, neoliberalism?
New York Times:
‘BRICS can agitate for a seat at the table’ of the global economy, through ‘signing new financial cooperation agreements… [and] signaling discontent at their lack of influence over decision-making within the world’s existing financial institutions, and exploring steps to do something about it’
(April 2012)
global leaders amplify climate crisis
Copenhagen Accord, COP 15, December 2009

- Jacob Zuma (SA)
- Lula da Silva (Brazil)
- Barack Obama (USA)
- Wen Jiabao (China)
- Manmohan Singh (India)

“they broke the UN”
(Bill McKibben, 350.org)

non-binding, confirms 4 degree C (9 for Africa)

a table to cook Africa?
COP 17

Gambling on the future of the Planet

NO RIFFRAFF!
...THE STAKES ARE TOO HIGH!

same table, new place: Durban, December 2011
SCRAMBLE FOR AFRICA
Is SA getting trade and foreign policy right?
Berlin, 1884-85

‘Scramble for Africa’

Britain, France, Belgium, Portugal, Germany, Italy, Spain
india, China, South Africa (and Brazil)
An International Development Bank for Fostering South-South Investment: Promoting the New Industrial Revolution, Managing Risk and Rebalancing Global Savings *

Nicholas Stern (LSE) and Joseph Stiglitz (Columbia University), September 2011

Introduction and summary

If the international economy functions well this decade could see substantial improvements in the quality of life across the world, with the possibility of lifting hundreds of millions of people out of poverty. This will require infrastructure investment on a great scale in the developing world to support growth and opportunity, particularly for poor people. That investment requires finance on a comparable scale and in ways that are tailored to the risks and challenges. But there are risks to these possibilities if the world’s macroeconomic prospects remain fragile, if financial markets perform inadequately in their job of bringing funds to good investments, and if the world continues on its current pattern of climate and environmental damage.

This paper provides a proposal - the establishment of an International Development Bank for South-South investment - that can respond to the challenges of finance for these dangers and risks, and help emerging markets and developing countries take advantage of their changing economic position justifies. In summary:

- A new institution to ensure a better allocation of hard-earned savings of BRICS countries and support African growth.
Stern/Stiglitz:

- A new institution is required to ensure a **better allocation of hard-earned savings of developing and emerging economies** away from **risky portfolios**, much of which is in rich countries, and onto sound investments in the developing and emerging world.

- **Low-carbon infrastructure and technologies**, in particular, are crucial to lay different and more resilient foundations for growth in the next decades. Investments are urgently required to both **mitigate the risks and adapt to climate change**, **generate economic growth**, **reduce poverty** and **promote stability and security**. These are the great challenges of the 21st century. Failure on one is likely to imply failure on the others.

- Developing and emerging countries are in the position to both **lead on the efforts to rebalance savings and investments** and to make significant progress in creating the **infrastructure for a different type of economic growth**...
THE GAIA DECLARATION

We, the participants at the Summit for Sustainability in Africa, meeting from 24 to 25 May 2012 in Nairobi, Kenya,

REAFFIRM OUR DEDICATION TO IMPROVE INSTITUTIONS AND INSTITUTIONAL ARRANGEMENTS THAT PROMOTE SUSTAINABLE DEVELOPMENT, IN

COMMUNIQUÉ ON NATURAL CAPITAL ACCOUNTING

Recognizing the limitations of GDP as a measure of well-being and sustainable growth that values environmental and social aspects of progress;

TO ENSURE THAT THE CONTRIBUTIONS OF NATURAL CAPITAL TO SUSTAINABLE ECONOMIC GROWTH, MAINTENANCE AND IMPROVEMENT OF SOCIAL CAPITAL AND HUMAN WELL-BEING ARE QUANTIFIED AND INTEGRATED INTO DEVELOPMENT AND BUSINESS PRACTICE;

Through:

- Integrating the value of natural capital into national accounting and corporate planning and reporting processes, policies, and programmes, in agreed efforts, including the appended Communiqué on Natural Capital Accounting,
- Building social capital and reducing poverty by transitioning agriculture, extractive industries, fisheries and other natural capital uses to practices that promote sustainable employment, food security, sustainable energy and the protection of natural capital through protected areas and other mechanisms,
- Ecosystem restoration measures, as well as actions that mitigate stresses on natural capital,
is it time to correct GDP bias?

what’s missing?

- resource depletion (crucial to extractivism)
- air, water, and noise pollution
- loss of farmland and wetlands
- unpaid women’s/community work
- family breakdown, crime
- other social values

world GDP, 1950-2005
it is time to **correct GDP bias** (global) for pollution, resource extraction, etc.

*Peter Bruce, editor of Business Day*: ‘mine more and faster and ship what we mine cheaper and faster’ – February 13 2012
The geography of Useful Africa

- Oil and gas fields
- Mineral deposits
- Heavy concentration of small irrigation dams
- New deep-water port projects
- Fragmented distribution and energy transfer networks
  - Main existing electric power lines
  - Oil and gas pipelines
- Major infrastructure projects
  - Construction, renovation or widening of roads, motorways, railways and major water transfer systems
  - Tangiers-Casablanca-Marrakesh high-speed rail link
  - East-West high-speed rail link and motorway
  - Major artificial river (water transfer system)
  - In-Shalah-Tamanrasset water transfer system
  - Addis Ababa-Nairobi-Mombasa corridor (motorway)
  - "Lapsett corridor": South Sudan-Ethiopia-Kenya (roads, motorways, railways)
  - Central African corridor: Matadi-Dar es Salaam and Kisangani-Kampala-Mombasa (railways, roads, electric power lines)
  - Major water transfer project, Lesotho-Johannesburg

Known minerals in Africa, 2008

Source: Le Monde Diplomatique, Feb 2011
Africa’s mining production by country, 2008

1. South Africa 599
2. Botswana 92
3. Zambia 75
4. Ghana 43
5. Namibia 32
6. Angola 32
7. Mali 29
8. Guinea 21
9. Mauritania 20
  Tanzania 20
  Zimbabwe 20
Mgcineni Noki, Lonmin rock drill operator
16 August 2012

South Africa, resource-cursed
WAVES ‘50/50’ Campaign for Natural Capital Accounting

Glenn-Marie Lange, Program Manager for WAVES Global Partnership, Environment Department, The World Bank

Building on the Gaborone Communique on NCA from the African Sustainability Summit, hosted by Botswana May 24-25, signed by 10 African countries

62 (32 developing) countries signed the NCA Communique, endorsing

- **Implement natural capital accounting** where there are internationally agreed statistical standards – the SEEA
- **Develop methodology** for the more difficult to measure natural capital – ecosystem services
- **Demonstrate how NCA can support decision-making** for sustainable development
World Bank (minimalist) adjustments for ‘genuine savings’

- fixed capital (-)
- education (+)
- pollution (-)
- natural resource depletion (-)
Zambia, 2007

<table>
<thead>
<tr>
<th></th>
<th>Percent of GNI</th>
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<tbody>
<tr>
<td>Gross savings</td>
<td>26.2</td>
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<tr>
<td>- Consumption of fixed capital</td>
<td>10.7</td>
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<tr>
<td>= Net national savings</td>
<td>15.5</td>
</tr>
<tr>
<td>+ Education expenditure</td>
<td>2.1</td>
</tr>
<tr>
<td>- Energy depletion</td>
<td>0.1</td>
</tr>
<tr>
<td>- Mineral depletion</td>
<td>19.8</td>
</tr>
<tr>
<td>- Net forest depletion</td>
<td>0.0</td>
</tr>
<tr>
<td>- Carbon dioxide damage</td>
<td>0.2</td>
</tr>
<tr>
<td>- Particulate emission damage</td>
<td>0.6</td>
</tr>
<tr>
<td>= Adjusted net savings</td>
<td>-3.0</td>
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</table>
South Africa’s natural capital accounts

substantial ‘subsoil assets’ within ‘natural capital’ ($/capita)

<table>
<thead>
<tr>
<th>Economy/Group</th>
<th>Population</th>
<th>Subsoil Assets</th>
<th>Timber</th>
<th>Nontimber Forest Resources</th>
<th>Protected Areas</th>
<th>Crop Land</th>
<th>Pasture Land</th>
<th>Natural Capital</th>
</tr>
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<tbody>
<tr>
<td>South Africa</td>
<td>46,888,200</td>
<td>2,595</td>
<td>89</td>
<td>47</td>
<td>93</td>
<td>1,915</td>
<td>985</td>
<td>5,723</td>
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</table>

depletion of subsoil (mineral) assets = 9% of income

<table>
<thead>
<tr>
<th>Economy/Group</th>
<th>Gross National Savings</th>
<th>Consumption of Fixed Capital</th>
<th>Net National Savings</th>
<th>Education Expenditure</th>
<th>Energy Depletion</th>
<th>Mineral Depletion</th>
<th>Net Forest Depletion</th>
<th>CO₂ Damage</th>
<th>PM Damage</th>
<th>Adjusted Net Savings</th>
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<tr>
<td>South Africa</td>
<td>16.1</td>
<td>13.9</td>
<td>2.2</td>
<td>5.1</td>
<td>6.4</td>
<td>2.6</td>
<td>0.5</td>
<td>1.3</td>
<td>0.1</td>
<td>-3.4</td>
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net decline in SA’s per person wealth: $245

<table>
<thead>
<tr>
<th>Economy</th>
<th>GNI Per Capita (US$)</th>
<th>Population Growth Rate (%)</th>
<th>Adjusted Net Saving Per Capita (US$)</th>
<th>Change in Wealth Per Capita (US$)</th>
<th>Adjusted Net Saving Gap (% GNI)</th>
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</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>5,073</td>
<td>1.1</td>
<td>-63</td>
<td>-245</td>
<td>4.8</td>
</tr>
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</table>
Adjusted Net Savings as a Percentage of GNI for Selected Regions, 1970–2007

- East Asia and the Pacific
- Latin America and the Caribbean
- Sub-Saharan Africa
Adjusted Net Saving in Sub-Saharan Africa as a Percentage of Gross National Income

Source: Authors' calculations based on World Bank data.
“Africa Rising”? (# of citations)

The number 100 represents the peak search interest
“Africa Rising”: GDP percentage increases, 1981-2012

Note: 2011 and 2012 excluding Libya.
Source: Leibfritz and Flaig (2013).
no, Africa *protests* Rising

Agence France Press:

Public protests and civil violence, 1996-2012
(base year: 1996 = 100)

Source: Authors’ calculations based on AFP information.
http://dx.doi.org/10.1787/888932807474
Adjusted Net Saving in Sub-Saharan Africa as a Percentage of Gross National Income

Source: Authors' calculations based on World Bank data.
multinational corporate profits as a percentage of firm equity

Moeletsi Mbeki:

“Big companies taking their capital out of South Africa are a bigger threat to economic freedom than ANC Youth League president Julius Malema.”
Our capital outflow due to "current account deficit", mainly dividend/profit/interest outflows.
to cover the outflows, we need to borrow!

*foreign debt soars, from $25 billion in 1994 to $140 billion in 2013*
South Africa aligns itself with different groups to ensure that decisions on key issues reflect our country’s best interest. With regard to quota and voice reform in the IMF, for example, South Africa is mostly aligned with emerging-market economies. However, with regard to the financial transactions tax that was mooted by the Europeans, South Africa opposed this proposal and was supported by a few other advanced economies. South Africa is aligned with advanced economies on the issue of climate finance, while other developing countries generally feel that this issue is best addressed at the United Nations. – Daniel Mminele, SARB Deputy Governor, 12/10/12
another aspect of natural capital: counting ‘ecological debt’

I was in Namibia. We did a kind of tour. Sort of like fly and drive.
The debt of nations and the distribution of ecological impacts from human activities

U. Thara Srinivasan\textsuperscript{a,b}, Susan P. Carey\textsuperscript{c}, Eric Hallstein\textsuperscript{d}, Paul A. T. Higgins\textsuperscript{d,e}, Amber C. Kerr\textsuperscript{d}, Laura E. Koteen\textsuperscript{d}, Adam B. Smith\textsuperscript{d}, Reg Watson\textsuperscript{d}, John Harte\textsuperscript{c,d}, and Richard B. Norgaard\textsuperscript{d}

\textsuperscript{a}Pacific Ecoinformatics and Computational Ecology Laboratory, Berkeley, CA 94703; \textsuperscript{b}Energy and Resources Group, 310 Barrows Hall, University of California, Berkeley, CA 94720-3050; \textsuperscript{c}Department of Environmental Science, Policy, and Management, University of California, Berkeley, CA 94720-3114; \textsuperscript{d}American Meteorological Society, 1120 G Street NW, Washington, DC 20005-3826; and \textsuperscript{e}Sea Around Us Project, Fisheries Centre, University of British Columbia, Vancouver, BC, Canada V6T 1Z4

As human impacts to the environment accelerate, disparities in the distribution of damages between rich and poor nations mount. Globally, environmental change is dramatically affecting the flow of ecosystem services, but the distribution of ecological damages and their driving forces has not been estimated. Here, we conservatively estimate the environmental costs of human activities over 1961–2000 in six major categories (climate change, stratospheric ozone depletion, agricultural intensification and expansion, deforestation, overfishing, and mangrove conversion), quantitatively connecting costs borne by poor, middle-income, and rich nations to specific activities by each of these groups. Adjusting impact valuations for different standards of living across the groups as commonly practiced, we find striking imbalances. Climate change and ozone depletion impacts predicted for low-income nations have been overwhelmingly driven by emissions from the other two groups, a pattern also observed for overfishing damages indirectly driven by the consumption of fishery products. Indeed, through disproportionate emissions of greenhouse gases alone, the rich group may have imposed climate damages on the poor group greater than the latter’s current foreign debt. Our analysis provides \textit{prima facie} evidence for an uneven distribution pattern of damages across income groups. Moreover, our estimates of each group’s share in various damaging activities are independent from controversies in environmental valuation methods. In a world increasingly connected ecologically and economically, our analysis is thus an early step toward reframing issues of environmental responsibility, development, and globalization in accordance with ecological costs.
the climate debt

greenhouse gas emissions per person, 2000

USA
Canada
Australia
Saudi Arabia
Kazakhstan
Russia

who owes?
who’s owed? climate change ‘creditors’

main losers:
- small islands,
- Central America,
- central South America,
- Central and Southeast Asia
- and much of Africa
Table 4: Extreme Weather Risk: Top 20 Countries in 2015

Quantifying Vulnerability to Climate Change: Implications for Adaptation Assistance

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<td>China</td>
<td>3</td>
<td>1</td>
<td>6,772</td>
<td>25,072</td>
<td>19,933</td>
<td>17,720</td>
<td>71.3</td>
<td>61.78</td>
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<td>Djibouti</td>
<td>1</td>
<td>2</td>
<td>13,709</td>
<td>14,281</td>
<td>14,167</td>
<td>14,331</td>
<td>67.3</td>
<td>4.34</td>
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<td>India</td>
<td>7</td>
<td>3</td>
<td>2,599</td>
<td>11,704</td>
<td>9,531</td>
<td>9,153</td>
<td>78.1</td>
<td>71.61</td>
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<td>Kenya</td>
<td>2</td>
<td>4</td>
<td>6,807</td>
<td>7,752</td>
<td>7,620</td>
<td>7,617</td>
<td>87.5</td>
<td>10.64</td>
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<td>Somalia</td>
<td>8</td>
<td>5</td>
<td>2,382</td>
<td>4,011</td>
<td>3,807</td>
<td>5,482</td>
<td>46.4</td>
<td>56.55</td>
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<td>Mozambique</td>
<td>4</td>
<td>6</td>
<td>4,576</td>
<td>5,133</td>
<td>5,028</td>
<td>5,269</td>
<td>61.6</td>
<td>13.14</td>
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<td>Philippines</td>
<td>10</td>
<td>7</td>
<td>2,134</td>
<td>5,161</td>
<td>4,607</td>
<td>5,102</td>
<td>74.2</td>
<td>58.18</td>
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<td>823</td>
<td>5,487</td>
<td>4,611</td>
<td>4,844</td>
<td>80.8</td>
<td>83.01</td>
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<tr>
<td>Sri Lanka</td>
<td>6</td>
<td>9</td>
<td>3,458</td>
<td>4,304</td>
<td>4,072</td>
<td>4,558</td>
<td>54.1</td>
<td>31.12</td>
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<tr>
<td>Ethiopia</td>
<td>5</td>
<td>10</td>
<td>3,791</td>
<td>4,892</td>
<td>4,747</td>
<td>4,540</td>
<td>75.8</td>
<td>24.12</td>
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<td>Vietnam</td>
<td>11</td>
<td>11</td>
<td>1,904</td>
<td>4,696</td>
<td>4,121</td>
<td>3,834</td>
<td>76.4</td>
<td>50.33</td>
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<tr>
<td>Bolivia</td>
<td>21</td>
<td>12</td>
<td>638</td>
<td>1,508</td>
<td>1,362</td>
<td>3,573</td>
<td>27.0</td>
<td>82.14</td>
</tr>
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<td>Hong Kong (China)</td>
<td>17</td>
<td>13</td>
<td>1,251</td>
<td>3,877</td>
<td>3,147</td>
<td>2,413</td>
<td>64.2</td>
<td>17.8</td>
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<tr>
<td>Cuba</td>
<td>9</td>
<td>14</td>
<td>2,190</td>
<td>2,221</td>
<td>2,213</td>
<td>2,227</td>
<td>59.0</td>
<td>1.63</td>
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<td>Madagascar</td>
<td>14</td>
<td>15</td>
<td>1,314</td>
<td>2,203</td>
<td>2,076</td>
<td>2,122</td>
<td>83.6</td>
<td>38.09</td>
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<td>Honduras</td>
<td>18</td>
<td>16</td>
<td>1,237</td>
<td>2,303</td>
<td>2,148</td>
<td>2,104</td>
<td>84.2</td>
<td>41.19</td>
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<td>Thailand</td>
<td>16</td>
<td>17</td>
<td>1,271</td>
<td>1,996</td>
<td>1,813</td>
<td>1,863</td>
<td>75.7</td>
<td>31.77</td>
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<td>Zambia</td>
<td>12</td>
<td>18</td>
<td>1,713</td>
<td>1,877</td>
<td>1,847</td>
<td>1,853</td>
<td>81.5</td>
<td>7.32</td>
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<td>Colombia</td>
<td>15</td>
<td>19</td>
<td>1,299</td>
<td>2,026</td>
<td>1,892</td>
<td>1,781</td>
<td>74.8</td>
<td>27.08</td>
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<td>Zimbabwe</td>
<td>13</td>
<td>20</td>
<td>1,692</td>
<td>1,714</td>
<td>1,709</td>
<td>1,721</td>
<td>55.3</td>
<td>1.69</td>
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Africa as climate creditor
## ‘Odious Debt’ (16 African countries)

**Source:** Eric Toussaint

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<tr>
<td>Indonesia</td>
<td>Suharto</td>
<td>1965–98</td>
<td>150.0</td>
<td>135.0</td>
</tr>
<tr>
<td>Iraq</td>
<td>Saddam Hussein</td>
<td>1979–2003</td>
<td>122.0</td>
<td>122.0</td>
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<tr>
<td>Brazil</td>
<td>Military junta</td>
<td>1964–85</td>
<td>100.0</td>
<td>226.0</td>
</tr>
<tr>
<td>Argentina</td>
<td>Military junta</td>
<td>1976–83</td>
<td>45.0</td>
<td>137.0</td>
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<td>South Korea</td>
<td>Military</td>
<td>1961–81</td>
<td>30.0</td>
<td>110.0</td>
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<tr>
<td>Nigeria</td>
<td>Buhari–Abacha</td>
<td>1984–98</td>
<td>30.0</td>
<td>31.0</td>
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<tr>
<td>Turkey</td>
<td>Military</td>
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## Additional Countries

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Source: Table by Damien Millet and the author, based on preliminary work by Joseph Hanlon in "Dictators and Debt" (1998), Jubilee 2000. (See http://www.jubileeplus.org/analysis/reports/dictatorsreport.htm)
huge Africa debt relief accomplished (?)

Source: Africa Progress Panel, May 2010

External Debt as a share of GDP

Source: AfDB, Debt Relief Initiatives, Development Assistance and Service Delivery in Africa (2009)
2005 debt relief did not lower Africa’s repayment/export ratio: mainly *unrepayable* debt written off.

Conclusions:

• many African countries’ default on Odious Debt justified to halt outflows
• calculation of climate debt (loss & damage) and strong stance in UNFCCC
• reimpose exchange controls
• beware BRICS Development Bank (if Stiglitz/Stern recommendations ignored)
• beware South African officials’ reckless promotion of financial liberalisation