



Escola Central



Maputo Office

Report

EIGHTH POLICY FORUM:

“The Role of Ruling Parties in Promoting a Sustainable Economic Development Model - Thinking Beyond GDP”

Maputo, 28th and 29th of May, 2014

Rapporteurs: Katharina Hofmann / Alva Hoffmann



The Central School of the FRELIMO Party and the Friedrich Ebert Foundation in Mozambique jointly invited representatives of ruling political parties in Southern Africa to the Eighth Policy Forum in Maputo on 28th and 29th May. This year's conference on *“The Role of Ruling Parties in Promoting a Sustainable Economic Development Model - Thinking Beyond GDP”* aimed at sharing experiences of party representatives from Botswana (BDP), Mozambique (FRELIMO), Namibia (SWAPO), South Africa (ANC), Tanzania (CCM), Zambia (PF), and Zimbabwe (ZANU-PF) and selected

experts from Southern African countries and thereby contribute to democratic development in the region.

Political Parties in Southern Africa are confronted with a rapidly changing globalised economic environment that changes the social and political reality of people in Southern Africa. Economic changes, however, need adequate political response. Political advisory by the academia is crucial to develop adequate policies at various levels.

Contextualisation

Economic prospects for Southern Africa have recently become part of a new '*Africa Rising*' narrative permeating Western financial magazines, and picked up by a sizeable number of African commentators and analysts. According to this perspective, the time of Afro-pessimism is over. From '*the lost continent*' Africa has turned itself into the '*last frontier of the world economy*'. Endowed with vast quantities of highly demanded natural resources, Africa successfully pursued its integration into the global market. Consistently high growth rates will eventually contribute to better development prospects, including more jobs, higher incomes, the rise of a middle class and more accountable governments. While the changing image of Africa in the world is certainly a positive development, it remains questionable whether it adequately depicts reality. Does the majority of Africans benefit from the commodity-based export boom? Have deep-seated socio-economic and political challenges been overcome lately? Or isn't the renewed scramble for Africa's resources rather exacerbating existing fault lines, increasing inequality and the likelihood of social and political conflict?

The 2014 Policy Forum brought together party representatives and academics from Southern Africa to discuss sustainable economic development models which go beyond the current focus on GDP-centred growth. In two days, scholars gave insights on the academic discourse of economic development in the region, as well as on spaces and political options to enhance sustainable economic development. The aim was to create a dialogue between scholars and ruling parties on a long-term sustainable development model that benefits the majority of Southern African populations. It is the role of ruling parties to debate these issues as they are the most important and crucial political players in the region.

In particular, the Forum dealt with the four topics, namely the image and reality of '*Africa Rising*', the strategies of economic development in Southern Africa, resource management and economic diversification and last but not least, the redistribution of wealth as an economic and social policy strategy.

The 2014-Forum was opened by Mozambique's ruling party FRELIMO international secretary Aida Libombo, FRELIMO representative, Ana Nhampule, the German ambassador Dr. Philipp Schauer, as well as the Representative of FES Office in Mozambique, Katharina Hofmann, all wishing the participants an enlightening and productive discussion, and highlighting the importance of the topic.

"Africa Rising": Image and Reality

In a first input, critical insights on the concept of GDP-growth were given by South African scholar Lorenzo Fioramonti. He criticised the concept of GDP for being outdated and inappropriate for measuring a country's economic performance. He began by explaining that US-American economists invented the GDP eighty years ago as a method to marketise the world. By calculating the economic performance of any country in GDP, it was assured that only factors were included which positively contribute to the high-performance image of the USA.



Lorenzo Fioramonti, University of Pretoria

Fioramonti criticised vehemently that GDP leaves out important features of social development. As the concept of GDP only measures what is consumed and therefore only rises when financial flows could be registered, it does not take into account other (social) nonmonetary practices. Fioramonti argued that a world economy which was designed to reach high GDP-growth rates stimulates false and unsustainable incentives. Further, being only an average value, GDP can't tell about existing inequalities in society, but only what the whole entity is consuming. To conclude his presentation, the professor called on Southern African leaders to reject that outdated measurement model, and to rather run an environmentally sustainable and more equal economy. That would be the only way the region could develop a sustainable economic development model, beneficial to the people's well-being.

In the following presentation, Patrick Bond from University of KwaZulu-Natal (South Africa) continued the GDP-centred growth critique, for his part focussing on environmental and financial aspects.



Patrick Bond, University of KwaZulu-Natal

Bond said that if phenomena such as resource depletion (especially in the extractive sector) or pollution of the environment were taken into account in the measurement of economic

growth in GDP, Africa would not be rising but falling. As the continent is being considered one of the most vulnerable places to climate change, ten African states recently included natural capital into national accounting. Prior to that, limitations of GDP as a measure of well-being and sustainable growth that values environmental and social aspects of progress were recognized.

Besides the ecological factor, Bond pointed to illicit financial flows from Africa, i.e. funds that were acquired illegally through corruption, drug and human trafficking, trade mispricing, etc, saying that trillions of dollars have left the continent in the last decades. This amount surpassed by far the money it received from outside over the same period of time. Besides, the scholar alerts the participants to the general definition of middle-class, in which people with an income from 2 – 20 US\$/day are seen as middle-class.

Further, the only rising factors in Africa were the outflows in the extractive industries sector (losses of natural resources), as well as public protest and civil violence.

Participants from various countries recognised that the concept of GDP was problematic in showing adequately the performance of their national economies. As activities in the informal market do not count for GDP, party representatives felt that an important part of the economies is left out.

However, as the *“Post-GDP-debate”* currently goes on within academic circles, but hardly in national parliaments, between politicians or even society, broadening the knowledge was named as a major challenge. Participants recognised the necessity of bringing these issues into society, creating more consciousness of the deficits of GDP measurement and enhancing a dialogue on alternative models for sustainable economic growth.

Strategies of Economic Development in Southern Africa

In a next step, Namibian scholar Phaniel Kaapama illustrated the economic situation of the region. Referring to the theoretical model of stages of development by Rostow, he explains that those who promote the 'Africa Rising' discourse see many countries of the region in the economic take-off phase. However, while positive trends are supported by demographic development, rising per-capita income, the increasing use of mobile phones throughout the continent and high GDP-growth rates, human and social indices remain weak. This was also shown by a survey, where people were asked about their perception of economic performance of their respective country. In several countries people thought that the country's economic performance was very/fairly bad, whereas only in a smaller number of countries, people thought that it was very/fairly good.



Phaniel Kaapama, University of Namibia

Emphasizing that it was important to make a distinction between economic growth and economic development, Kaapama proposed the *transformation index* as an alternative measurement for the economies of the region. Here, besides economic factors, governance and social development were also taken into account.

Thereafter, Prosper Matondi from Zimbabwe, executive director of a non-profit organization working in the field of environmental and agricultural policy, explored the topics of democracy and economic development.



Prosper Matondi, Ruzivo Trust

As economic problems that ruling parties in the region confront, Matondi named economic inequities within society, a sectoral wealth differentiation and people's negligence of governments. One of the key questions which was raised during the presentation, was how to bring together economic and political freedom. Matondi alerted to structural problems in the SADC-region, where local people do not benefit from agricultural production and the positive features the region offers. Instead they still suffered from food insecurity. Despite the existence of fertile soils and intentions of politicians to address food insecurity, policy inconsistencies hinder economic development and make donor contributions remain essential for local population. Matondi summarised that no efficient agricultural policy was put in place and that action by governments only was taken in times of crises through *ad hoc* support.

The following discussion among the participants of policy forum showed that party representatives were highly concerned about implementing policies beneficial to large parts of their respective people. The need for more autonomy and the efficient use of existing

resources, instead of donor aid were stressed by various actors.

Resource Management and Economic Diversification

The second day, which aimed at exploring spaces and political options to enhance sustainable economic development in the SADC-region, started with a presentation of David Sebudubudu from University of Botswana.



David Sebudubudu, University of Botswana

As economic development in most of Southern African countries was founded on the utilisation of non-renewable resources and the export of raw material, the scholar assessed that sustainable development and diversified economies remain to be a challenge to those countries. However, this resource focussed growth was not yet beneficial to local populations. Referring to the understanding of economist Amartya Sen, who sees development as freedom, Sebudubudu said that the symbiotic package of freedoms (political, economic, social freedoms) would still be absent in most African countries. Blaming leadership and governance failures, many of the countries in the region would find themselves on a factor-driven stage of development, while only few of them were efficiency- or innovation-driven.

Sebudubudu underlined the importance and the need of long term investment in science, technology and renewable resources, in order to diversify the countries' economies, coming away from natural resources dependence.

In a next section, South African scholar Imraan Buccus from University of KwaZulu-Natal explored the field of youth participation. He alerted to the rising distrust of young people, often poor and unemployed, in local governments. While electoral participation as established mechanism guaranteed by constitution declines, other forms of participation such as protest gain more importance and popularity in the recent past. In such a scenario, people who do not vote at all would eventually outnumber those voting for the ruling party. Buccus described participation as an elite driven process, in which only people with sufficient resources were included, putting on the margins and demobilising people without access to information and political life. That is what the scholar called second democracy/economy. He argued that the only existence of the legal framework doesn't make good-intended policies happen.



Imraan Buccus, University of KwaZulu-Natal

Buccus summarised that states with a youthful population need to address the fact that many of the SADC-countries do not have the political will to make young people participate. As dissemination of information, especially among

marginalized groups, remains poor, current approaches continue being too technocratic, lacking local knowledge and expertise. The key challenge for Southern African governments would still be how to engage young people in government decision-making processes. Buccus underlined, that through collective risk taking and collective risk sharing, participation must be seen as good for citizens *and* governments.

In the following controversial discussion, party representatives demonstrated doubts about the presented topics. According to them, governance and leadership problems rather occur because of colonial heritage and because policies continued to be dictated by foreign actors. Further, they pointed to recent examples of high turnouts in national elections, rejecting the thesis of rising protest and decreasing electoral participation.

However, scholars insisted on the view that ruling parties could no longer use colonialism as excuse for existing problems and that only the older generations trusted in former liberation movements. Besides, one could observe tendencies of young people voting for opposition parties. Scholars underlined the importance of participation as a duty and right of active citizenship, even if some might see it as a loss of time, as it does not contribute to national GDP. However, education and health as two key elements of participation need to be assured by transparent and accountable governments.

Redistribution of Wealth as an Economic and Social Policy Strategy?

Later, professor Neo Simutanyi from the Centre for Policy Dialogue in Zambia, got back to the fact that the 'so-called' economic growth still does not contribute to improve the people's life. Neither could one observe a shift in poverty levels, nor a rise (qualitatively and quantitatively) in social service delivery or social spendings. Instead, inequality within Southern African societies is increasing.



Prof. Neo Simutanyi, Centre for Policy Dialogue

The scholar pointed to the need of establishing social protection systems in order to reduce social and economic risk and vulnerability and to alleviate extreme poverty and deprivation. Further, social transfers are to be seen positively as they contribute to social, economic and political stability of a society. He mentioned that social transfers could guarantee economic participation in the purchase of goods and services, such as health care and other basic needs. Ruling parties needed to incorporate social protection systems in their manifestos in order to one the one hand confront current problems of joblessness, deprivation and destitution, and on the other hand to promote social inclusion and social justice. Simutanyi called for the need to guarantee social protection as a basic right by constitution.

The last presentation was given by the Mozambican scholar Vasco Nhabinde from University Eduardo Mondlane and dealt with the topic of participatory democracy. After a short introduction on the challenges for local economies coming up through poverty, he discussed several poverty definitions. Nhabinde asserted that over time, poverty definitions adopted to new challenges, including now also aspects of active and effective participation in the society. He presented the "Project of 7 Million". It is an economic initiative to empower rural communities in Mozambique, creating

opportunities and facilitating access to credits, financial business and entrepreneurship. As an inclusive measure, it aims at involving large parts of society which otherwise would have been excluded. Thereby, according to Nhabinde, problems could be identified and resolved at district level, meeting local concerns best. However, the scholar explained that challenges still lay in the repayment of subsidies and the complexity of poverty.



Vasco Nhabinde, University Eduardo Mondlane

In the concluding discussion, scholars continued to stress the importance of reinforcing social policies, especially in view of rising inequalities and protest in many Southern African countries. Being endowed with high quantities of natural resources, local governments will need to find a way of making their respective population benefit from it. At the same time, party representatives recognised the challenges that lay in adopting policies beneficial to larger parts of society, particularly in the social sector. However, 'best-practice' examples of other countries could be adopted to national contexts in order to improve the lives of the people.

The Policy Forum was described as a fruitful and informative event, both for participants and scholars. The inclusion of younger party members gave new dynamics to discussions, achieving an exchange of ideas between the region's ruling parties.

Annex I: Programme

Tuesday, May 27, 2014

19.30 h Welcome Dinner at the Hotel Avenida

Wednesday, May 28, 2014

09.00 h **Introduction and Opening Remarks:**
Katharina Hofmann, Resident Representative, FES-Mozambique
Dr. Philipp Schauer, German Ambassador in Mozambique
Ana Nhampule, FRELIMO Central Party School
Aida Libombo, International Secretary of the Central Committee of FRELIMO

09.30 h **Day 1: Economic Development in the region: State of the academic discourse**
Panel 1: “Africa Rising”: Image and Reality.

The first panel should give an introduction into the academic debate on the “Africa rising” discourse. It aims at clarifying the shortcomings of this discourse and introduces the critique of GDP-centrism. It should thus set the theoretical framework for the following two days.

***Guiding questions:** What are the arguments of the financial world and what do they advise governments to do? What are the sustainable development/post-GDP theories about and where do they see room for enhancing the debate as well as political decision making?*

Input 1: Lorenzo Fioramonti, University of Pretoria

Input 2: Patrick Bond, University of KwaZulu-Natal

10.30 h Coffee break

11.00 h Discussion

12.30 h **Lunch Break**

14.00 h **Panel 2: Strategies of Economic Development in Southern Africa**

The second panel will focus on the economic situation of the region.

***Guiding Questions:** Which are the sectors that produce high levels of growth? What are governmental strategies to attract Foreign Direct Investments (FDIs)? What are strategies to enhance national economies and job creation, especially for the young generation?*

Input 1: Phaniel Kaapama, University of Namibia

Input 2: Prosper Matondi, Ruzivo Trust, Zimbabwe

15.00 h Discussion

15.45 h Coffee break

16.00 h Continuation of Discussion

17.00 h **End of Day One**

Thursday, May 29, 2014

09.00 h **Wrap up of day one: Phanel Kaapama, University of Namibia**

09.30 h **Day 2: Spaces and Political Options to enhance sustainable economic development**

Panel 1: Resource Management and Economic Diversification

Guiding Questions: What are good examples of resource management and redistribution? How can ruling parties avoid the resource curse? What are the obstacles to sustainable economic development? How can a self-sustained growth model be implemented? How can Youth be integrated and enabled to enhance sustainable development?

Input 1: David Sebudubudu, University of Botswana

Input 2: Imraan Buccus, University of KwaZulu-Natal: "Empowering the Youth through Education"

10.30 h Coffee Break

11.00 h Discussion

12.30 h **Lunch Break**

14.00 h **Panel 2: Redistribution of wealth as an economic and social policy strategy?**

Guiding questions: To what extent do social transfers contribute to poverty reduction and wealth distribution? How can social transfers ensure equity and inclusivity? How can small and medium enterprises on the local level be supported to enhance the distribution of wealth and create jobs?

Input 1: Prof. Neo Simutanyi: "Social Security Systems as incentives for economic participation"

Input 2: Vasco Nhabinde, University Eduardo Mondlane: "The project of 7 Million – a case study on micro economic investments"

15.00 h Discussion

16.00 h Coffee break

16.30 h Wrap up

17.00 h **End of Day Two**

Friday, May 30, 2014

Departure

Annex II: List of Participants

Botswana	
1	Mr. Odirile Motlhale Botswana Democratic Party (BDP) Gaborone – BOTSWANA
2	Mr. Jacob Sesinyi Botswana Democratic Party (BDP) Gaborone – BOTSWANA
3	Mr. David Sebudubudu, Ph.D Professor and Head Department of Political and Administrative Studies (PAS) Faculty of Social Sciences & Acting Executive Assistant to the Vice Chancellor (Professional Services) - University of Botswana Gaborone – BOTSWANA
4	Mr. Marcus Schneider Regional Advisor Climate and Sustainability SADC Region Project Coordinator Madagascar, Malawi and Swaziland Friedrich-Ebert-Stiftung Gaborone - BOTSWANA
Namibia	
5	Mr. Kazenambo Kazenamo SWAPO Party Windhoek – NAMIBIA
6	Ms. Lucia Basson SWAPO Party Windhoek – NAMIBIA
7	Mr. Phaniel Kaapama Department of Political and Administrative Studies University of Namibia Windhoek – NAMIBIA
South Africa	
8	Mr. Lebohang Matshaba ANC International Relations Coordinator: South – South Cooperation African National Congress (ANC) Johannesburg – SOUTH AFRICA
9	Mr. Dumisani Job Sithole Member of ANC NEC Subcommittee African National Congress (ANC) Johannesburg – SOUTH AFRICA
10	Mr. Imraan Buccus Academic Director: Social and Political Transformation Program and the Education and Social Change Program Research Fellow: School of Social Sciences (University of KwaZulu Natal) Durban - SOUTH AFRICA
11	Mr. Patrick Bond University of KwaZulu-Natal Durban – SOUTH AFRICA

12	<p>Mr. Lorenzo Fioramonti (Ph.D.) Associate Professor & Jean Monnet Chair in Regional Integration and Governance Studies Department of Political Sciences Director of GovInn - Centre for the Study of Governance Innovation University of Pretoria Pretoria – SOUTH AFRICA</p>
	Tanzania
13	<p>Mr. Kevin William Mbogo Chama Cha Mapinduzi (CCM) Dar-es-Salaam - TANZANIA</p>
14	<p>Mrs. Husna Juma Sekiboko Chama Cha Mapinduzi (CCM) Dar-es-Salaam - TANZANIA</p>
	Zambia
15	<p>Hon. Dorothy Kazunga Member of Parliament Deputy Minister of Community Development, Mother & Child Health Patriotic Front (PF) Lusaka - ZAMBIA</p>
16	<p>Mr. Anthony Kasandwe Executive Secretary, National Poverty for Poverty Reduction (NPPR) Patriotic Front (PF) Lusaka – ZAMBIA</p>
17	<p>Dr. Neo R. Simutanyi Executive Director Centre for Policy Dialogue Lusaka – ZAMBIA</p>
	Zimbabwe
18	<p>Mr. Psychology Maziwisa Zimbabwe African National Union – Patriotic Front (ZANU-PF) Harare – ZIMBABWE</p>
19	<p>Ms. Varaidzo Mupunga Zimbabwe African National Union – Patriotic Front (ZANU-PF) Harare – ZIMBABWE</p>
20	<p>Mr. Prosper Matondi Executive Director, Ruzivo Trust Harare – ZIMBABWE</p>
21	<p>Ms. Brigitte Juchems Resident Representative Friedrich Ebert Foundation Zimbabwe Harare - ZIMBABWE</p>
	Mozambique
22	<p>Mr. Vasco Correia Nhabinde (Ph.D) Head of Department and Executive Director Research Centre of Economics and Management Faculty of Economics of Eduardo Mondlane University Maputo - MOÇAMBIQUE</p>

23	Prof. Dr. Arlindo Chilundo Deputy-Minister of Education Director of Central Party School Frente de Libertação de Moçambique (FRELIMO) Matola – MOÇAMBIQUE
24	Mrs. Ana Nhampule Central Party School Frente de Libertação de Moçambique (FRELIMO)
25	Mr. Solomon Manyike Head of the Pedagogic Department of the Central Party School (Escola Central do Partido) Frente de Libertação de Moçambique (FRELIMO)
26	Mr. Dalepa Stanley L. Dalepa Sector Chief at the Department of Foreign Affairs Frente de Libertação de Moçambique (FRELIMO)
27	Mr. Lourenço Chiluvane Chief Educator of FRELIMO Frente de Libertação de Moçambique (FRELIMO)
28	Mr. Adriano Nhamussua Central Party School Frente de Libertação de Moçambique (FRELIMO)
29	Mrs. Katharina Hofmann Resident Representative Friedrich Ebert Foundation, Maputo Office Maputo - MOZAMBIQUE
30	Mrs. Manon Dietrich-Rossini Project Manager Friedrich-Ebert-Stiftung, Maputo Office Maputo - MOZAMBIQUE
31	Ms. Alva Hoffmann Intern Friedrich-Ebert-Stiftung, Maputo Office Maputo - MOZAMBIQUE