

THE UNITED STATES AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA) AND AFRICAN SUSTAINABLE DEVELOPMENT WITH PARTICULAR REFERENCE TO NIGERIA

By: Dokun Oyeshola and Abike Lawal

AN ABSTRACT

AGOA was conceived as a way forward for America to help African continent to overcome underdevelopment and subsequently maintain sustainable development. An overview of developmental initiatives to overcome underdevelopment in the continent and foreign debt repayment forms the background of and context of the discourse on AGOA and relationship with the continent. The paper discovers through Nigerian experience that buoyant assistance from other nations and organizations may be helpful and supportive but sustainability of any nation state rests primarily on its deliberate policy of entrenchment of transparency, accountability and efficiency in its public expenditure, budgetary process, fiscal discipline, functional anti-corruption agencies and establishment and maintenance of infrastructure giving the limitations of political economy and constraints of international economic system.

Keywords: AGOA, sustainable development, foreign debt.

INTRODUCTION

Economic reforms of Sub-Saharan Africa over the last two decades have been disappointing. Virtually all indices of socio economic development registered stagnant, if not negative growth rates. Between 1990 and 2000 for instance, only seven countries in the region achieved a per capital increase in agriculture production and 27 of the 41 countries classified by the UN as ‘least developed’ are found in Sub-Saharan Africa (Cheru, 2000). In spite of the poor socio-economic reality of the 1990s and not too buoyant development progress in the Sub-Saharan Africa, many industrialized nation states and international organizations did not give up on the region. They

continue to render assistance by way of helping the region to pursue sustainable development especially in the light of the 'Earth Summit' of 1992 in Rio de Janeiro and the New Partnership for African Development (NEPAD). By this period, the Cold War has ended with the collapse of the former Soviet Union and America emerging as having 'won' the war. America ascribed the pursuit of western ideology of 'democracy and liberty' among other factors to its success. Accordingly, the US was determined to promote and advocate western style of democracy and liberty everywhere and in the African continent in particular. It is in the light of this that AGOA, an American development initiative finds its meaning and relevance.

The discourse in this paper covers five main areas namely an overview of socio-economic development of the African Continent in general with emphasis on Nigeria, foreign debt repayment (a critical destabilizing factor to development in Africa), a critique of the developmental efforts, the African Growth and Opportunity Act (AGOA) in response to sustainable development in Nigeria and concluding remarks.

AN OVERVIEW OF FOREIGN DEBT REPAYMENT AND SOCIO-ECONOMIC DEVELOPMENT OF THE AFRICAN CONTINENT IN GENERAL WITH EMPHASIS ON NIGERIA

From their historical antecedence, African countries were forcefully integrated into the western-structures with their characteristic of capitalist economy. They became thereby a peripheral appendage (Carter, 2009: 1) that provides natural resources, clean labor for the industrialized process and lucrative markets for the surplus manufactured produce of the industrialized world (Magdoff, 1986: 5). Nigeria is one of those African countries. This unequal relationship partially explains Africa's external dependence and structural underdevelopment both of which account for its external indebtedness to the West. One important implication here is that almost all African countries over a period of time became 'heavy' foreign debtors. However, it must be stated that the origins of Africa's external debt problem are fundamentally structural, arising from its peripheral relationship with the world capitalist economy. This is why mainstream economic approach to solving the African development problem with financial, monetary and trade policies can only act as temporary palliatives at best, not as a permanent solution (Nwoke, 1990: 46-48).

Nigeria's experience as a case study in this discourse could explain this complex reality as found in the continent.

Nigeria covers a total surface area of 923,768 sq. km. with the coastline of about 900 kilometers long. According to the national census of 2007(National Population Commission (2007), Nigeria enjoys a population of 140,003,542 with the breakdown of 71,709,859 males and 68, 293,683 females and 3.2 per cent annual population growth rate which makes it the largest population in Africa. Nigeria harbors more than 250 ethnic groups. About 75% of Nigeria's land is suitable for agriculture but only 14% is actually under cultivation (Adeleke, 2003: 2 and 3). As a result of its size, geography, population, ethnic diversity and political dominance in the continent it is therefore appropriate that Nigeria becomes the case study of the continent in this work. A comprehensive, economic and socio-political reality of the continent especially country by country is definitely beyond the scope of this paper.

Apart from petroleum and gas, Nigeria is potentially rich in limestone, coal, tin, columbite, gold, silver, lead-zinc, gypsum, glass sands, clays, asbestos, graphite, iron ore stone and zircon. It imports machinery, chemicals, transportation equipment, manufactured goods and food while exporting petroleum and petroleum products, cocoa, palm oil, groundnuts, cotton, timber and rubber. It is the seventh largest producer of crude oil in the world and is a member of the Organization of Petroleum Exporting Countries (OPEC). It enjoyed an export boom between 1973 and 1979 due to a phenomenal rise in the export price of crude oil. With the benefit of hindsight, it is ironic that Nigeria that fought a civil war (1967-1970) did not take any external loan before and during its civil war. But by the mid 1980s it has become highly externally indebted due to the absence of proper harnessing of its resources, execution of 'elephant projects' in the name of development, lack of transparent and accountability in governance, and inappropriate ethical and moral behavior (corruption). The Nigerian outstanding external debt stood at US\$8.9 billion by 1980 and by 2000, the debt has increased to US\$28.5 billion. The low export prices of crude oil and other raw materials during this period encouraged borrowing from the West. Other subsequent factors that led to the huge debt included the importation of expensive industrial and consumer goods, the establishment of a large national network of parastatals, industrial and agricultural projects (all in a highly capital-intensive manner) and state-owned companies like iron and steel

works, pulp and paper mills, provision of water, transportation and energy supply, construction of roads and transportation.

In addition, even when the socio-economic and techno-scientific environment necessary for executing and managing many of the projects were well in place, Nigeria imported technologies and expertise without first checking their appropriateness in the light of domestic capabilities, resources, structure and patterns of demand. The resultant impact was that many of the projects financed with borrowed funds were either not completed or were being operated at very low capabilities (sometimes as low as 20-40 percent) (*The Nation*, 2007: 15). These projects, rather than generate funds for the repayment of the loans, only created a greater propensity for borrowing more (Aluko, 2005: 157-158). Unfortunately, this was taking place at a time of high liquidity in the American and European markets. The Paris Club creditor countries lent a lot to Nigeria too readily due to competition among their banks for investment. As Nigeria's debt repayment dues were in the default, further loans were needed to repay or service them. So, instead of raising long-term development loans, many of the additional loans were raised on a short-term basis to service the existing debts. The loans due for repayment were rescheduled with interests and penalties at rates much higher than on the original loans.

In 1986 Nigeria decided to limit debt service to no more than 30 percent of oil receipts. Even with this, Nigeria did not enjoy much relief since between 1985 and 2000 it spent over US\$32 billion on servicing external debt alone. Actual servicing outlays in the year 2000 was US\$1.9 billion translating to about 4 times Federal Government's budgeting to alleviate poverty and about 12 times the allocation to education and health. Yet these two sectors needed substantial public expenditure to upgrade the level of facilities and services for any meaningful alleviation of poverty to take place.

Also, the external debt overhang has adversely impacted on Nigeria's economy in the inflow of foreign investment. Due to Nigeria's problem with servicing of its debts, Export Credit Guarantee Agencies (ECGAS) suspended insurance cover for exports of goods and services. This hampered investment stimulation, growth and employment. Without credit cover, Nigerian importers were required to provide 100 percent cash covers for all orders and this therefore placed them to a

competitive disadvantage compared to their counterparts elsewhere. In addition, external debt burden has resulted in repudiation risk because Nigeria was at a point unable to obtain new loans due to little confidence placed on its ability to repay.

When the administration of President Olusegun Obasanjo was inaugurated in 1999, the President was determined to get Nigeria off the hook of foreign lenders. He made several trips around the world soliciting for debt relief for the poor countries in general and Nigeria in particular that were under severe debt burden since the mid 1980s. His effort yielded some success which was very far from the anticipated response. He then turned to his domestic constituency and confronted it by embarking on a well articulated and comprehensive economic and social reform programme captioned the National Economic Empowerment and Development Strategy (NEEDS) with the main goals of wealth creation, employment generation and poverty reduction. Consequently, tremendous progress was made as entrenchment of transparency in public practice, accountability and efficiency in public expenditure were introduced. The budgetary process was transformed and fiscal discipline continued to improve. New anti-corruption agencies were established and strengthened along the existing ones and Nigeria was able to settle its official lenders in 2006.

Unfortunately, almost immediately Nigeria started to go for loans again and by the end of 2008 the country's external debt portfolio stood at US\$3.7 billion which is about 6 percent of the country's Gross Domestic Product (GDP) while that of domestic borrowing was at N2.34 trillion (naira) (*The Nation*, 2009: 30) (one hundred and fifty naira is equivalent to one US dollar).

Nigeria embarked upon many developmental strategies which are yet to bring to an end, poverty in the lives of the poor and raise the living standard of all its citizens. Some of the strategies that are to

bring about development and alleviate poverty include

- a. Cost of Living Allowance (COLA) in the 1960s to adjust wages to inflationary trends;
- b. Adebo Wage Review Panel;
- c. Prices and rent decree of the military era;

- d. National Minimum Wage Act of Shagari Administration;
- e. The Directorate of Food, Roads and Rural Infrastructure (DFRRI) of 1986 to aid food production and revamp rural infrastructure like roads, bridges, water, electricity and sanitation;
- f. Directorate for Social Mobilization; Self-Reliance, Economic Recovery and Social Justice (MAMSER);
- g. Better Life Programme for Rural Women (BLP) under the leadership of the First Lady, Maryam Babangida;
- h. Family Support Programme (FSP) chaired by Mrs Abacha;
- i. National Directorate for Employment (NDE);
- j. People's Bank (Community Bank) headed by the renowned social crusader, Tai Solarin;
- k. Vision 2010 Project of late military Head of State Sani Abacha;

Nigeria's Poverty Reduction Strategy Plan (1-PRSP) strategy of Obasanjo Administration is built on 'economic growth with inclusive development, social sector and human resources development and protection from various pressing manifestations of poverty'. This strategy embedded in National Economic and Empowerment development Strategy (NEEDS) includes rural agricultural development, infrastructure rehabilitation, privatization, environmental sustainability, economic governance, HIV/AIDS, and so on.

NEEDS was planned and was seriously pursued with the assistance of the World Bank having in view the laying of 'a solid foundation for sustainable poverty reduction, employment generation, wealth creation, and value reorientation' (National Planning Commission, 2004: 3) and believing that 'Nigeria has all it takes (human and material resources) to become the strongest economy in Africa – and one of the twentieth leading economies in the world in the longer term' (National Planning Commission, 2004: 3).

NEEDS has as its goal the mobilization of the 'resources of Nigeria to make a fundamental break with the failures of the past and bequeath a united and prosperous nation to the generations to come' National Planning Commission, 2004: 3). And in its evaluation of the past decades

development programs and activities, NEEDS identified some problems and proffered solutions in its objectives and goals. Some of the problems are poverty and inequality, weak and inappropriate public sector, poor economic management and hostile environment for private sector growth. Despite its articulated objectives and elaborate programs poverty is still real in the country and many of its citizens still go to bed at night hungry.

In the context of sustainable development in Africa in general and Nigeria in particular the Earth Summit of 1992 is the starting point. At the Earth Summit of 1992 the principle of sustainable development became universal and Nigeria duly endorsed it. The principle as described by the World Commission on Environment and Development (WCED) is development that meets the needs of the present without compromising the ability of future generations to meet their own (World Commission on Environment and Development, 1987: 43). By implication, the idea of needs both of the present and future generations, the concern of the environment from within which the needs are realized, accompanying relevant technology and appropriate socialization are central to sustainable development.

Therefore for Nigeria, the following must be included in its Endeavour to pursue sustainable development. These are

- a. Increase in real income especially for the 'wretched of the earth'. This implies poverty eradication on the long run;
- b. Improvement in health and nutritional status especially children and young mothers who are vulnerable to most preventable diseases;
- c. Education achievement;
- d. Access to resources
- e. A fairer equitable distribution of income. The basic salary of the least paid worker should be adequate to maintain his/her nuclear family
- f. Increase in basic freedoms and guaranteed security of all citizens;
- g. Respect and responsible relationship with ecosystem.

Concretely, the former Nigeria President Olusegun Obasanjo rightly observed (Ad'Obe Obe, 2001: 187-188) especially on the social and economic front, challenges to sustainable development which he stated that must include

- a. Provision of basic social and essential services – education, health, clean water, food security etc.;
- b. Rehabilitation of dilapidated social and economic infrastructure;
- c. Creating new employment and income opportunities especially for youth, school-leavers and rural folks;
- d. Capacity building in respect of environmental institutions;
- e. Strengthening institutions of governance at all levels including adequate attention to human rights, conflict prevention and consensus building (Oyeshola, 2008: 165).

In general terms, all these efforts are yet to meet the objectives of development in Nigeria.

A CRITIQUE OF THE DEVELOPMENTAL PROGRAMS

Despite the huge resources plunged into developmental programmes of the nation and the economic and financial reforms no fewer than 15,000 bank employees lost their jobs to the banking consolidation policy of the Nigerian government during the Obasanjo administration. Other areas of Endeavour were also affected. The then Accountant-General of the Federation, Mallam Ibrahim Dankwambo, confirmed as he stated that

current economic and financial reforms would lead to the retrenchment of a total of 33,000 workers from the core civil service (about 20 percent of the 160,000) workers in the federal civil service (*The News*, 2007: 63).

In general mass poverty persisted and Nigeria was listed as one of the twenty-six poorest nations on earth. At over 20 percent, interest rate was a disincentive to investment. The inflation rate remained in the double digits despite official claims to the contrary. In industry, capacity utilization was under 40 percent. The once vibrant textile industry, the largest employer of labor

was almost closed down completely (*The News*, 2007: 67). Less than 10 of 170 textile industries in Nigeria were currently operating (*The News*, 2007: 67).

Water and electricity supply were notoriously erratic, if not non-existent in many places, many of the country's roads and highways were in deplorable condition, none of the oil refineries is operating at installed capacity, many public buildings and facilities are decrepit, particularly those situated in the country's urban centers (*The Nation*, 2007: 15). The inability of the Administration to tackle key infrastructural challenges continued to make the cost of production in Nigeria one of the highest in the world and by so doing putting operators in the sector at a disadvantage compared to their counterparts in other countries. For instance, most of the industrial areas around the country suffered an average of 14.5 hours of power outage per day as against 9.5 hours of supply. The reality of frequent power outage especially after government made known its intentions to fully privatize Nigeria Electricity Power Authority (NEPA), led to manufacturing capacity to become less than 40 percent

There has been a critical loss of jobs in both the public and private sectors and very few new jobs were created to absorb graduates of Nigerian tertiary institutions. Privatization of public enterprises has led to mass retrenchment and assets stripping. Many of the states' enterprises were sold off cheaply to the rich at the detriment of the poor. The economic reform program of the Administration has been painful for the poor of the society who had to bear the brunt of the negative effect of the program. Spending on education and health has direct bearing on the poor. Unlike Ghana, Cote d'Ivoire, Swaziland that spend 30, 30 and 24 percent of their national budget on education respectively, Nigeria spends 5.7 percent (*Saturday Sun*, 2009). It may be argued that security is the greatest shortcoming of the Obasanjo Administration. Corruption and glaring ineptitude of both the leadership and ranks and file of the Nigerian Police Force have seen crime rate spiraling to unprecedented levels. Armed robberies, political assassinations and brazen thuggery have characterized the eight years of his Administration and beyond.

Specifically, the problem of poverty which is the bane of development in Nigeria was not adequately addressed in spite of National Policy on Poverty Eradication (2000) program. The policy defines poverty as a

Condition of not having enough to eat, poor drinking water, poor nutrition, unfit housing, high rate of infant mortality, a low life expectancy, low educational opportunities, inadequate health care, lack of productive assets, lack of economic infrastructure and inability to actively participate in decision making process (Igbuzor, 2004: 45).

Unfortunately, the definition fails to include political, social and ideological aspects of poverty. This is a serious omission. In respect of political aspect, political poverty occurs when “people are denied basic rights and excluded from participating in the decisions concerning the generation, distribution and utilization of the resources in their communities/nations as well as being excluded from how they are governed” Social poverty occurs in a situation of societal stratification where “certain individuals are discriminated against, stigmatized and dehumanized”. Ideological poverty is a condition where “people are bereft of or forced to abandon indigenous, genuine, people centered and practical ideas on how to organize society and distribute resources of communities and nations in a just and equitable manner”(Igbuzor, 2004: 45). In spite of the presence of some institutions, projects, reforms and infrastructure during the Administration of Obasanjo in particular, ‘faces’ of poverty are too many in the country. This is because of high interest rates, inappropriate policies, bad governance, corruption, low productivity often caused by lack of electricity, unemployment, high population growth and human resources development. Others are illiteracy, unemployment, ignorance, insecurity of life and property, high incidence of diseases, environmental degradation, large family sizes, lack of adequate access to employment, land and capital opportunities. Nigeria that was one of the richest 50 countries in the early 1970s has retrogressed to become one of the 25 poorest countries in the world. It is ironic that Nigeria is the sixth largest exporter of oil and at the same time host to the third largest number of poor people after China and India (Igbuzor, 2004: 51). Some of the serious consequences of this reflect on the crime rate, corruption and a dramatic change in rural-urban lifestyle resulting in child marriages, child labor and multiple modes of survival.

Obasanjo’s administration did not believe that poverty could be eradicated judging especially in the context of poverty eradication program. His successor holds the same opinion. It was Poverty Alleviation Program (PAP) that was first launched, later changed to Poverty Eradication Program

(PEP). While implementing PEP, the Federal Government of Nigeria embraced the Poverty Reduction Strategy Process (PRSP) initiated by the World Bank in 1999 but before Nigeria could produce and implement an Interim Poverty Reduction Strategy Paper, it abandoned the PRSP process for the National Economic and Empowerment Development Strategy (NEEDS) (Igbuzor, 2004: 55). Despite all the development strategies and mechanism in place including the millennium goals and the Seven Point Agenda of the present administration, Nigeria is still poor. It is ranked one of the twenty-sixth poorest countries in the world.

On the environmental front, Nigeria has signed many international documents, treaties and protocols that exist in relation to conservation and protection of the environment. Nigeria is party to many international environmental agreements such as Biodiversity, Climate change, Hazardous wastes, Law of the Sea, Marine dumping, Marine Life Conservation, Nuclear Test Ban, Ozone Layer Protection and Wetlands Conservation. Nigeria is also a signatory to different articles in the Charter of the United Nations Organization, the African Union (AU) (former the Organization of African Unity), and many other international organizations relating to the duties of states to resist all violations of their territorial integrity.

Despite the fact that Nigeria has endorsed many environmental regimes it has polluted its seas and rivers, destroying habitats and killing marine life. Air is polluted and many of its citizens are inhaling poisonous gases like carbon monoxide which can lead to fatigue, high blood pressure and insomnia. Acid rain is being experienced and erosion is common. Water, soil, air pollution and erosion are also making it difficult for local farmers, hunters and pastoralists to make a decent living. Poverty drives people to cut down trees for firewood and over-farm fragile soils for their immediate survival (Egunjobi, 2005: 272). Desertification, deforestation, industrial, domestic and toxic wastes are part of Nigeria's landscape.

In addition to a few of the major national environmental difficulties catalogued above and despite the reality of NEEDS on ground, Nigeria also has to contend with global environmental problems such as climate change, global warming, ozone layer depletion and trans-boundary movement of hazardous wastes and toxic chemicals. What is said of Nigeria is applicable to other parts of the continent although with variance.

THE AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA)

For too long Africa has been an afterthought in U.S. foreign policy interests. In World War II, Africa was a strategic stepping stone to the places that mattered in Europe. In the Cold War, Africa was a pawn in East-West struggles. Even as we Americans set in place well-intentioned economic development policies, it was too often with the idea of trying to do good for Africa, rather than to do good with Africa. This has changed. Instead, the U. S. has implemented a strategy to operate more effectively in a world where non-state actors and illegal trans-border activities can pose major threats to even the most powerful of countries (Carter, 2009).

Today, the goal of America in respect of the African continent is to

develop a network of well-governed states capable through responsible sovereignty of protecting themselves and contributing to regional security. By so doing, they also protect the international system (Carter, 2009).

Accordingly, this vision of America towards Africa is instrumental for the recent support America is giving to African leaders as strategic partners and seeking to build up Africa's institutional capacity. For instance, this manifests in the African Union's New Partnership for African Development.

It was in the context of the new vision of America for Africa above that the African Growth and Opportunity Act (AGOA) was passed into law by the US Congress on May 18, 2000 as Title 1 of the Trade and Development Act of 2000. The Act offers tangible incentives for Africa countries to continue their efforts to open their economies and build free markets. President Bush signed amendments to AGOA 1 known as AGOA 11 into law on August 6, 2002 as Sec. 3108 of the Trade Act of 2002. AGOA 11 substantially expands preferential access for imports from beneficiary Sub-Saharan African countries. On July 12, 2004 President Bush signed the AGOA 111 called the AGOA Acceleration Act of 2004. This Act extends preferential access for imports from beneficiary Sub-Saharan African until September 30, 2015; extends third country fabric

provision for three years from September 2004 until September 2007 and provides additional Congressional guidance to the Administration on how to administer the textile provisions of the Bill. The African Investment Incentive Act of 2006 signed by President Bush on December 20, 2006 and thus becoming AGOA 1V further amends portions of the African Growth and Opportunity. The legislation extends the third country fabric provision for an additional five years from September 2007 until September 2012, adds an abundant supply provision; designates certain denim articles as being in abundant supply and allows lesser developed beneficiary Sub-Saharan African countries export certain textile articles under AGOA.

The purpose of the Act was to authorize a new trade and investment policy between the US and Sub-Saharan Africa. This is not unconnected with the realization of the potential market that African countries could provide for the US goods. The Congress of the US found that it is in the mutual interests of the US and Sub-Saharan Africa to ‘promote stable and sustainable economic growth’ for the benefit of both areas. In addition it supports US business by encouraging reform of Africa’s economic and commercial regimes. Furthermore, the support given is by providing ‘improved access to US technical expertise, credit, and markets; and by establishing a high-level dialogue on trade and investment’.

The Act authorizes the President of the US to designate countries as eligible to receive the benefits of AGOA if they are determined to have established, or are making continual progress to establishing the following

- Market-based economies;
- The rule of law and political pluralism;
- Elimination of barriers to US trade and investment;
- Protection of intellectual property;
- Efforts to combat corruption;
- Policies to reduce poverty, increase availability of health care and educational opportunities;
- Protection of human rights and workers rights; and
- Elimination of certain child labor practices.

The primary objective of AGOA is to encourage increased trade and investment between the US and the Sub-Saharan African countries by reducing trade barriers, expanding US development assistance, negotiating trade agreements, promoting private sector engagement and strengthened democracy (David, 2004). Secondarily, AGOA aims at building capacity and building infrastructure in Sub-Saharan Africa and expand Africa's meaningful participation in the global economy. The long-term objective of the AGOA's initiative is to eradicate poverty in Africa and to place African nations both individually and collectively on a path of sustainable growth and thus reduce radically the marginalization of Africa in the globalization process (David, 2004). The process includes

increase agricultural productivity and rural development in the region, including increased technical assistance and capacity building;

encouraging investment in infrastructure – roads, railways and ports to facilitate the movement of goods within the countries and across borders.

promoting increased US investment that is mutually beneficial;

extending the 'third country fabric' provision thereby saving tens of thousands of jobs;

facilitating ongoing dialogue between the US and African governments;

encouraging expansion of information and communication technologies;

achieving and sustaining an average gross domestic product (GDP) growth rate of about 7 percent per annum for the next 15 years;

ensuring that the continent achieves the agreed international development goals (Millennium Development Goals) which are to

- i. reduce the population of people living in extreme poverty by half between 1990 and 2015;
- ii. enroll all children of school age in primary school by 2015;
- iii. make progress towards gender equality and empowering women by eliminating gender disparities in the enrolment in primary and secondary education by 2015;

- iv. reduce maternal, child and infant mortality by three-quarter and two-thirds between 1990 and 2015 respectively;
- v. implement rational strategies for sustainable development by 2015, so as to reverse the loss of the environmental resources by 2015 (African Studies Center, 2000).

SOME ACTIVITIES OF AGOA IN THE SUB-SAHARAN AFRICA

AGOA has benefited sub-Saharan Africa in many ways. It has stimulated economic growth and job creation in many African countries, encouraged many countries to adopt policies aimed at ending hunger and poverty. Lesotho, Kenya, Namibia, Swaziland and Uganda for instance created nearly 200,000 jobs. In Uganda, many young women were employed for the first time and left endless circles of hunger and poverty. In Southern Africa, families have been re-united as men find jobs near their spouses and do not have to migrate far looking for jobs (Mills, 2006). Many Africans especially over 200,000 employed in AGOA related industries see it as a lifetime and opportunity for gainful employment and sustainable income. Families that are benefiting from AGOA as farmers growing cotton for these industries or as workers spinning yarn can now send their children to school and afford basic health services.

During the first half of 2003, US imports including both AGOA and the Generalized System of Preferences increased by 65 percent to US\$6.6 billion. This was primarily due to increase in energy-related imports from Nigeria which totaled US\$5.4 billion of total imports compared to US\$3.0 billion in the first half of 2002. AGOA-related imports of African textiles and apparel increased by US\$148.4 million (40.7 percent) over 2002. Similarly, AGOA has helped African countries to diversify the range of products they send to the US. Non-oil AGOA imports of apparel, automobiles and processed agricultural goods doubled since 2001 (the first full year of AGOA) reaching US\$3.5billion in 2004 (Anaba, 2008: 27). Besides, by reducing barriers to trade, AGOA has increased export, created jobs and expanded opportunity for Africans and Americans alike. It has given African business greater confidence to invest in Africa and encouraged African nations to reform their economies and governments to take advantage of the opportunities that AGOA provides. AGOA nations are strengthening the rule of law. They are lowering trade barriers; they are combating corruption and eliminating child labor. They are setting an important

example for the entire continent, demonstrating that government that respect individual rights and encourage the development of their markets are more likely to grow economically and achieve political stability (Mills, 2006: 27).

Since its establishment, AGOA has been working toward a single goal namely to reduce poverty through growth. AGOA is based on the principle that trade aid is most effective when it reinforces good governance, economic freedom and investment in people (Frazer, 2007) Frazer argues further that unlike other traditional development assistance programs where the donor proposes how funds are used, countries selected under the Millennium Challenge Account propose programs to receive funding. Thus, the MCA is designed to allow developing countries to take ownership and responsibility for funds provided by the Millennium Challenge Account (Frazer, 2007: 4).

In relation to HIV/AIDS, through Africa Sustainable Development (AFR/SD) United States Aid (USAID) took the lead in organizing a well attended plenary session on HIV/AIDS as part of the AGOA forum meeting in Washington D.C. in 2001. At the forum chaired by USAID administrator Andrew Natsios and Ethiopian Minister of Trade, Kassahun Ayele, AFR/SD helped organize the session and developed four background papers providing practical material to help different African government ministries and business sectors adopt HIV/AIDS programs. The areas covered by the paper were

- a) What is the impact of HIV/AIDS on AGOA objectives?
- b) How are finance and planning ministries responding to HIV/AIDS?
- c) How are trade and commerce ministries responding to HIV/AIDS?
- e) How are businesses responding to HIV/AIDS?

As a follow up, the four AGOA papers were distributed at the International Conference on AIDS and STD in Africa that was held in November 2001 in Burkina Faso (AGOA)HIV/AIDS' (2003). In addition, the Cooperate Council for Africa established a Task Force on HIV/AIDS which has already made many recommendations on how US businesses can address the HIV/AIDS epidemic.

A CRITIQUE OF AGOA IN RESPONSE TO SUSTAINABLE DEVELOPMENT IN NIGERIA

Even though some progress could be identified in respect of AGOA initiative but a lot is yet to be accomplished especially in Nigeria. Africa accounts for about 2 percent of global trade and its export to the US barely reaches 2 percent of the US total imports in value terms and it represents the single largest country market for Africa, importing 26 percent of Africa's export (Anaba, 2008: 65). Out of the current 37 AGOA-eligible African countries, only about seven of them have fully benefited from AGOA. The rest of the countries face serious constraints that hinder their effective participation in AGOA. Some of these factors include severe food insecurity caused by low farm productivity and frequent adverse weather, a massive debt totaling over US\$250 billion and a burden of 70 percent of the world's HIV/AIDS infected people are straining Africa's limited resources (Mallard, 2006).

Most of AGOA benefits have accrued to the energy, mining and transport equipment sectors. But the most effective way to combating hunger and poverty in the continent is by investing in agriculture and rural development. More than 70 percent of Africa's population lives in rural areas and depends largely on farming which accounts for 35 percent of sub-Saharan Africa's Gross Domestic Product, 40 percent of its export and 70 percent of its employment (David, 2004).

Expanding AGOA to include agriculture would have a significant impact on reducing hunger and poverty. The International Food Policy Research Institute (IFPRI) estimates that a 1 percent increase in agricultural productivity would raise the income of 6 million African people above US\$1 per day. A US\$1 increase in agricultural production generates about US\$2.32 in economic growth. AGOA must make it easier to export agricultural products to the US. Improving agriculture and rural development in Africa has the potential to increase income and transform more lives allowing families to get better nutrition, health and education, and creating more dynamic economies and markets for US exports. Such investments will strengthen local and regional markets, address important food standards and safety concerns and allow African farmers and traders gain the capacity and skills they need to move food in local and regional markets more effectively, reducing hunger, famine and poverty (David, 2004: 13). African nations lack the basic

infrastructure to efficiently move their products to regional or global markets. Roads, water for irrigation, storage facilities and reliable transportation are all needed to strengthen the ability of African farmers and small businesses to market their products.

AGOA should target technical assistance to ease constraints such as poor infrastructure, roads and communication networks, lack of sanitary standards, credit and market information so vital in international trade and providing incentives for public and private sector investments in agriculture and rural industries. Africa and the US businesses need training to meet the challenges of producing 'export-ready goods (David, 2004: 16). The need for Market Expansion and Regional Integration Efficient Large-Scale Production lowers cost and enhances competitiveness. Regional market integration is necessary to allow a larger market demand for domestic production. Expanding market access and lowering trade barriers for African agricultural products through AGOA will improve not only national economies but also the lives of the poorest people in Sub-Saharan Africa. Conclusively, it may be affirmed that AGOA initiative may be useful in development effort of African countries in general and Nigeria in particular but it cannot radically address the issue of poverty that is the bane of sustainable development in the continent.

CONCLUDING REMARKS

Without a commitment to poverty eradication all efforts to address the issue of sustainable development will be futile. The commitment has its basis in the United Nations Declaration of Human Rights which includes among others decent environment, housing, education, development and so on. To allow Nigerian poor citizens to be living under conditions of extreme poverty would tantamount to violation of internationally recognized human rights and Nigeria would be guilty of violating the right. Serious approach to poverty eradication in Nigeria must abandon dishing out of 'handouts' and market led growth with the hope of trickle-down effect. Rather, the strategies to combat poverty will require mitigating the negative sides of the market for instance the cost of petroleum products that affect the lives of the poor fundamentally. Another area of the strategy will embrace regulating trans-national corporations to respect international standard in the execution of their business activities and be more responsible in carrying out their social responsibility to the communities where they are operating. The strategy must also include provision of a clean, healthy and decent environment and promotion of development. For the

strategy to be successful, it must be carried out in the climate of fair and just administration of justice, prudent economic management, pro-poor policies that will benefit the poor and political stability. For instance, in the area of agricultural transformation and rural development that will not only serve in its unique role as a source of food (food security) and shelter but also as a foreign exchange earner. It will provide employment and raw materials for the industries.

In Nigeria, a lot of government sponsored programs in the agricultural domain have been initiated in the past for instance, National Accelerated Food Production Program (NAFPP) Operation Feed the Nation (OFN), Green Revolution, Better Life for Rural Dwellers, Family Economic Advancement Program and most recently Youth Empowerment Scheme (YES), Poverty Alleviation Program (PAP) and National Poverty Eradication Program (NAPEP). All these programs have not achieved the desired results because they did not focus on raising agricultural incomes, productivity and investment as well as the production of high quality semi-finished (and exportable) products. Some form of protectionism and subsidy are needed and as such the Government cannot always listen to the voices of the World Bank and International Monetary Fund.

The industrialized countries that are the proponents of liberalization and market economy recognize this and therefore still subsidize agricultural sector heavily. Owolabi affirms that

the annual value of agricultural subsidies in the EU countries is put at US 50 billion dollars (which is ten times the volume of aid given to Africa annually, put at US 5 billion dollars). Germany still provides over 20 types of subsidies to farmers

He went on to give reasons for the subsidies.

Price subsidies on inputs are largely used to promote and stimulate agricultural production. Specifically they are used to: i) encourage farmers to adopt new technology; ii) ensure that farmers earn reasonable margins by lowering costs of inputs and services; iii) encourage production of essential crops with a view to attaining self-sufficiency; iv) as a major incentive for inducing new entrants into farming and ensuring massive participation in

agriculture. Based on the above, government should still continue to provide subsidy on all inputs particularly now that we need to re-orient more people to take agriculture as a profession (Owolabi, 2004: 70).

America is industrialized and the European countries too. It is the same with Japan axis and the Asian Tiger countries. They all want developing countries and African continent in particular to be so developed. Consequently, all of them as well as their institutions and organizations are clamoring that developing countries should embrace the part of development that has led them to the proverbial promised land of prosperity and technological advancement. Unfortunately, they seem not to take cognizance of the consequences of their socio-economic and political system on the rest of the world on the one hand and policy recommendation they consistently offer and often impose on the other. AGOA initiative is not radically different; it is the same song being played on different instrument. Internally, as Alexander rightly observed over a decade ago and his observation is still as relevant now as at the time he wrote. He observed that (and this is just one of many other areas like aid for agriculture and aid for industry)

Europe and the US have the world's largest aid programs, redistributing resources between citizens through social security, public services, agricultural subsidies and industrial support. Minute amounts of discretionary aid are allocated for the Majority World, mostly on the basis of Western political interests rather than need.

He went on to affirm that

The replacement of charity and discretionary aid with entitlement programs is central to the Western Economic System. Social security and services such as education, health, child protection and public safety are provided as a right to citizens by redistributing income through the state. Inadequate as it may be in particular areas, this massive intervention in the market is essential for social stability and cohesion. The West spends, on average, over 30 per cent of its combined Gross Domestic Product (GDP) on internal aid, about \$4,900 per head in 1990, ranging from under 20 per cent of GDP in Japan to almost 50 per cent of GDP in Sweden. This compares with an average of 0.33 per cent of Western GDP spent on

aid for the Majority World...Even then, most aid is not spent on the world's poorest people, but on projects which support Western interests (Alexander, 1996: 78).

While the West can give aid and subsidies to ameliorate the consequences of harsh economic reality on its poor it opposes similar policy for the developing countries. Structural Adjustment Program from the West imposed on African countries comes to mind. It discouraged governments to give subsidies even in critically areas like food subsidy to its poor citizens, as a panacea for economic recovery in Africa. Such a recommendation and similar ones were opposed and rejected by some African citizens. Such policies on the continent cannot lead to sustainable development as African experience demonstrated.

Statistically and in order to maintain high standard of life style, America consumes disproportionately calories, fuel and so on far too high than the rest of the world. Other industrialized nations are not too far from the Americans in this respect. The countries of the West practice and support democracy in its various forms, give subsidies to stabilize their social cohesion and they promote economic liberalization in world polity.

In the process of development within the industrialized developmental paradigm, environmental degradation has occurred and the whole ecosystem is threatened leading to global warming. Other manifestations of degradation include the melting of ice cap not only in the Arctic and Antarctic regions but also the Himalayan Mountains. Coastal and oceanic waters are increasing and natural disasters like earth quake, hurricane and fires are of frequent and intense occurrence. Some of these manifestations of environmental degradation have made some scientists, though arguably, that the planet has exceeded its carrying capacity and that urgent action is called for in order to reverse the trend of degradation. Within the scenario of degradation, the population of the world has increased to about seven billion, and the American life style and rootless and vicious capitalism are being dangled before developing countries as models and viable options for all to pursue. It is within this philosophical orientation that the politics of sustainable development is being played. A salient query may now be rife. Can the current policy of development process centered predominantly on national interest and profit at all cost of economic enterprises ideology and sustainable development principles as enunciated especially by the Rio Conference are

reconcilable? Can every African, for instance, live like his American counterpart in terms of consumption of natural resources and life style? Can every Nigerian live like the former President, Olusegun Obasanjo with the massive wealth he acquired after his tenure? What becomes of the limited natural resources since the planet earth is incapable of replenishing the already used resources and those that are being used at the rate of depletion? A symbiotic relationship of population, resources and sustainable development presents a dilemma because every country wants to develop with the same living standard like the Americans and industrialized countries and provides for the wellbeing of all its citizens in the same common market of limited global resources. The type of the project of development envisaged and promoted in practice by the West may not be accommodated by the principle of sustainable development as envisaged by the Rio Principle; they are not compatible. There is a need for reorientation.

The beauty and sustainability of the earth planet can be reclaimed but this will require among others, an active commitment to peace and sustainable development by all. This in turn must involve not only measures directed to preventing war but also those needed to build peace. This will include public as well as private commitment to invest heavily in environmental protection and restoration as well as poverty eradication of the poor. Such investments require time, effort and money and radical change of extravagant life style of the very rich citizens of the planet be in the industrialized or developing countries. Accordingly, there is need for moral value reorientation (ethics) too. The orientation needs to be human-centered but open to more tolerant and diversity of other beings in their own rights. In other words, there is a need for a paradigm shift of how capitalism 'survives'. As Holgate affirms,

All life on earth is part of one great interdependent system, which influences and depends on the non-living components of the planet – rocks, soils, waters and air. Disturbing one part of this biosphere can affect the whole... It is a matter of ethics as well as practicality to manage development so that it does not threaten the survival of other species or eliminate their habitats (Holgate, 1996: 120ff).

If human beings see themselves as part of the life process rather than its most celebrated rulers, the result may well be a kinder, more tolerant and gentler way of living not only with the planet but

also with each other. After all, human beings are only stewards of the creator (Oyeshola, 1995: 71). Secondly, humanity must begin to reconsider basic questions about common benefit versus individual rights. Individuals may be able to afford two cars or more, for example, or a large family as many as possible but can the planet afford such a life style and 'wastage'?

Currently, there is the dynamics of global development that is in confrontation with the rigidities of the prevailing system and the danger of global warming. This poses the political quarry that has been raised again and again namely the question of societal transformation. Such a transformation will embrace all human groups and persons and lead to a situation where no one will be in need of the basic necessities of life and decent environment will be embraced. Unfortunately there is no developmental paradigm so far that takes care of the wellbeing of **all** citizens of the planet both born and of future generations as well as non human beings.

In the absence of a credible developmental paradigm that has the wellbeing of all in mind, it is therefore necessary that the precautionary principle of Rio Conference (Earth Summit of 1992) and its challenges are the alternative as a guide to the future direction of policy and politics of sustainable development. It may be true that there is no categorical scientific proof that the earth has surpassed its carrying capacity nonetheless the fact remains that the population of the world is increasing rapidly without expansion of resources correspondingly to maintain its basic need without the risk of further degradation. For instance, in response to making more food available genetic engineering in respect of agriculture and food production is being advocated. In itself the effort may be good but a promotion of none rigorously regulated regime in genetic engineering in respect of food security may complicate the situation. It may create more problems than it solves. It is therefore, fundamental to rethink the context and philosophy of international politics within the framework of humane international cooperation and sharing equitably of the earth resources if the earth will not become a dead planet sooner than later. This reorientation will necessarily mean that both the industrialized and developing countries must change their life style radically. Climate Change and the catastrophic nature of its consequences (The possibility of the collapse of the ecosystem could not be ruled out) make this reorientation mandatory. Unlike other problems like arms race, citizenship and identity, ethnic cleansing, refugees and poverty which are often localized and whose answers may be delayed, Climate Change is a problem that involves every

nation and searching for an answer to it cannot be delayed. To do otherwise may imply signing death warrant of the earth!

The history of the world with its science and technological revolution has shown that reality can change radically for good if the determination and commitment are present. Governments, organizations, civil society, religious bodies and individuals can make the difference; they can promote new ethics of collaboration, mental reorientation and conversion of heart and mind that allow the world to be seen as belonging to all in concept and in fact in need of conservation and protection. Every nation state, organizations and individuals are stake holders. Sustainable development of all is a collective and individual challenge and AGOA must reflect this realization in its programs and policies concerning the African continent.

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