Challenges and Prospects in the Implementation of NEPAD
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## Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ACBF</td>
<td>African Capacity Building Foundation</td>
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<tr>
<td>ACGS</td>
<td>African Centre for Gender and Social Development</td>
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<td>ACS</td>
<td>African Centre for Statistics</td>
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<td>AfDB</td>
<td>African Development Bank</td>
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<td>AGDI</td>
<td>African Gender and Development Index</td>
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<td>AGOA</td>
<td>African Growth and Opportunities Act</td>
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<td>APCI</td>
<td>Africa Productive Capacity Initiative</td>
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<td>APRM</td>
<td>African Peer Review Mechanism</td>
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<td>ARIA</td>
<td>Assessing Regional Integration in Africa</td>
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<td>AU</td>
<td>African Union</td>
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<td>AWPS</td>
<td>African Women's Progress Scorecard</td>
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<td>CA</td>
<td>Commission for Africa</td>
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<td>CAADP</td>
<td>Comprehensive African Agricultural Programme</td>
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<td>CDC</td>
<td>Centre for Disease Control</td>
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<td>CEDAW</td>
<td>Convention on the Elimination of Discrimination against Women</td>
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<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
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<td>DfID</td>
<td>Department for International Development</td>
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<td>EAC</td>
<td>East African Community</td>
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<td>EASSy</td>
<td>East African Submarine System</td>
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<td>ECA</td>
<td>Economic Commission for Africa</td>
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<td>ECOWAS</td>
<td>Economic Community of West African States</td>
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<td>EU</td>
<td>European Union</td>
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<td>FAO</td>
<td>United Nations Food and Agricultural Organization</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>G-8</td>
<td>Group of Eight Industrialized Nations</td>
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<td>GAIN</td>
<td>Global Alliance for Improved Nutrition</td>
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<td>GAO</td>
<td>Government Accountability Office</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GSI</td>
<td>Gender Status Index</td>
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<td>HIPC</td>
<td>Highly Indebted Poor Country</td>
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<td>HIV/AIDS</td>
<td>Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome</td>
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<td>HSGIC</td>
<td>Heads of State and Government Implementation Committee</td>
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<td>ICF</td>
<td>Investment Climate Facility</td>
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<td>ICT</td>
<td>Information and Telecommunications Technology</td>
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<td>IDA</td>
<td>International Development Association</td>
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<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<td>JIU</td>
<td>Joint Investigation Unit</td>
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<td>MAPP</td>
<td>Multi-Country Agricultural Productivity Programme</td>
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<td>MCA</td>
<td>Millennium Challenge Account</td>
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<td>Acronym</td>
<td>Full Form</td>
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<td>MDG</td>
<td>Millennium Development Goal</td>
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<td>MOU</td>
<td>Memorandum of Understanding</td>
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<td>NEPAD</td>
<td>New Partnership for Africa's Development</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>OAU</td>
<td>Organization of African Unity</td>
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<td>ODA</td>
<td>Official Development Assistance</td>
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<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>POA</td>
<td>Programme of Action</td>
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<td>PRC</td>
<td>Permanent Representative Council</td>
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<td>REC</td>
<td>Regional Economic Community</td>
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<td>SADC</td>
<td>Southern African Development Community</td>
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<td>STAP</td>
<td>Short-Term Action Plan</td>
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<td>SSTAP</td>
<td>Sub-Saharan African Transportation Programme</td>
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<td>UEMOA</td>
<td>West African Economic and Monetary Union</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNAIDS</td>
<td>United Nations Joint Programme on HIV/AIDS</td>
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<td>UNIDO</td>
<td>United Nations Industrial Development Organization</td>
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<td>UNWTO</td>
<td>United Nations World Tourism Organization</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>WDI</td>
<td>World Development Indicators</td>
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<td>WDR</td>
<td>World Development Report</td>
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<td>WFP</td>
<td>World Food Programme</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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Executive Summary

The New Partnership for Africa’s Development (NEPAD) was ratified by the African Union (AU) in 2002 to address the development problems of Africa using a new paradigm developed by Africans, and that uses African resources. NEPAD is a development philosophy as well as a development programme with set objectives and specific policy actions and projects for implementation across Africa. Its main objectives are to eradicate poverty, put Africa on a sustainable development path, halt Africa’s marginalization, and empower African women.

Five years after its ratification, there have been some successes in publicizing the new development vision and getting buy-in from African leaders. Progress in implementation, however, has been slow. It is time to take stock by looking at what has been achieved, identifying obstacles to progress, what remains to be done, and suggestions for effective implementation.

As this report is intended to spark discussion among the various stakeholders, it asks more questions than it gives answers as the aim is to initiate a broader dialogue on the particular form and structure that NEPAD should take, reviews progress, challenges and constraints, and recommends measures to address these challenges.

Since ratification in 2002, NEPAD has initiated various programmes to achieve its core objectives, to build peace and security, improve economic governance and public administration, invest in priority areas, including infrastructure and human development. It has also been successful in bringing African development problems to world attention, generated international support for Africa and galvanized African leaders to change their thinking about what comprises good governance and sustainable development.

In spite of these positive outcomes, several challenges remain in meeting NEPAD targets. Among these is the structure of NEPAD itself, lack of African ownership, political factors, and economic and capacity constraints. These challenges, if not seriously addressed, could stall or reverse the progress made so far.
The less-than-strong relationships among the various components of NEPAD, member states and RECs make it difficult to implement NEPAD. This is the case when there is no mechanism to mediate conflicting interests among the parties. The problem is further exacerbated by the lack of incentive mechanisms to get the RECs and member states to implement NEPAD programmes. Coordination of the many activities and participants in NEPAD also poses a challenge for effective implementation.

The political difficulties African governments face in making current sacrifices in exchange for possible future benefits pose an obstacle to the effective implementation of NEPAD. This lack of immediacy and urgency in the demonstration of political will is further complicated by the existence of prior commitments that sometimes conflict with NEPAD principles, and the weakness of the capacity of institutions to carry out the set tasks. Economic factors, including financial and capacity constraints, lack of ownership by the average African, and lack of both economic and social infrastructure make it difficult to implement a comprehensive programme such as NEPAD, effectively.

Ultimately, implementation of NEPAD goals and projects needs strengthened support structures and institutions. This can be achieved through:

- Clarifying the roles and relationships between the NEPAD Secretariat, the Regional Economic Communities (RECs), and member states;
- Narrowing the scope of NEPAD activities and streamlining procedures;
- Strengthening the capabilities of the RECs and member states;
- Setting up standardized and common evaluation procedures with specific benchmarks;
- Communicating NEPAD aims and activities to ordinary Africans to increase their sense of ownership of the principles and targets; and
- Increasing private sector and other stakeholder participation in decision-making at the highest level and through public-private partnerships for project implementation.

Poverty reduction in Africa will involve a judicious combination of fast employment-generating growth (pro-poor growth) and redistribution of the benefits of growth. Particular attention should be paid to productivity growth and employment growth in small-scale enterprises, including
the traditional-agricultural and urban informal sectors where the majority of the economically active are to be found. Special emphasis should be placed on poverty reduction, especially among women and children.

Sustainable development in Africa necessarily entails putting support mechanisms and strong institutions in place, reducing graft and corruption, building capacity, linking education to labour market needs, and refocusing health care from curative emphasis to prevention. Besides training and attracting more skilled personnel, Africa should offer appropriate incentives and encourage free mobility within the continent to retain its scarce human capital more effectively.

While external financial resources may be necessary for the short-term success of African development, member states under the NEPAD framework are expected to make serious efforts to mobilize domestic resources to support African development, including attraction of resources from the African Diaspora through appropriate incentives.

Accelerating economic and social development, participating in the world economy on an equal footing, and decreasing its dependence on the rest of the world are the agreed best ways forward. In support of faster socio-economic development, NEPAD should craft an effective public relations campaign to promote the positive side of Africa at home and abroad by highlighting success stories and the many good things the continent has to offer.

Progress towards gender equity in Africa is also very fundamental to the success of the NEPAD framework, which urges:

- Vigorous enforcement of existing gender equity and women empowerment laws;
- Developing and vigorously implementing strong equal opportunity programmes for women; and
- Educating both men and women on the desirability of gender equity for sustainable development.
Challenges and Prospects in the Implementation of NEPAD

Major Developments since 2007

Significant progress has been made in addressing the constraints facing NEPAD in many fronts. A former Prime Minister and Foreign Minister was appointed as the Chief Executive of the NEPAD Secretariat, resulting in more consultations with African leaders and stakeholders to advance continent-wide commitment and support for NEPAD, especially with regard to building synergy and improving relationships. He is catalyzing and mobilizing institutions of higher learning and centres of excellence, expanding policy space for broader stakeholder participation; positioning the NEPAD Secretariat to be more aligned to African priorities with a sharper focus on regional integration and enhancing the Secretariat’s role as an implementation agency.

The process of integration of NEPAD into the structures and processes of the African Union intensified in 2009, leading to a more harmonious relationship between the AUC and NEPAD Secretariat. The accelerated effort has led to greater confidence in the NEPAD framework with the challenges and constraints posed regarding buy in being systematically addressed. This followed the findings of the commissioned study on the integration process which provided a clear differentiation of roles between the AUC and the NEPAD Secretariat. In line with the outcomes of Sirte AU Summit of July 2009 on NEPAD integration into the AU; significant changes have occurred in the NEPAD Secretariat—in its focus, orientation, institutional arrangement and relationships. In this regard, specific steps were taken by the Secretariat to adopt AU regulations, systems and procedures.

An AU/NEPAD Action Plan (AAP) was developed as part of Africa’s response to the outcomes of the various initiatives on implementing AU/NEPAD priorities, including the Gleneagles G8 Summit Outreach with Africa, to address the continent’s political and socio-economic development agenda. It presents sectoral profiles including sectoral objectives, authorized by the African Union and defines Africa’s priority programmes and projects related to the promotion of subregional and regional integration, anchored on NEPAD’s guiding principles. The AAP resulted from a consultative process and contains carefully selected programs and projects ranked in order of priority, including success factors and imple-
mentation steps as well as key data on the nature, outputs and costs of featured programmes and projects. The action plan is an innovative step towards advancing integration through program/project development and implementation and provides a viable platform to rally support for the continent’s development.

Activities aimed at promoting NEPAD in the continent as well as actions to integrate NEPAD into the development agenda at the country level have increased considerably. The support of the United Nations (UN) and other partners to NEPAD programme has also intensified significantly. For the UN, the Regional Coordination Mechanism—the mechanism of coordinated support to NEPAD—waxed stronger through its cluster system. In 2008, significant momentum was generated on the part of UN agencies and organizations to accelerate their support for the African Union and its NEPAD programme in the RCM. The coordination among clusters has become stronger with an increasing number of jointly implemented programmes leading to tangible results. A notable example is the Regional Media Dialogue on NEPAD which was convened collaboratively with NEPAD Secretariat, the AU and various UN agencies to increase understanding, of and support for NEPAD as a development framework through wider and deeper journalistic coverage. Similar activities and projects are taking place across the nine clusters.
Introduction

The New Partnership for Africa’s Development (NEPAD) was adopted by African Heads of State and Government of the Organization of African Unity (OAU) in 2001 and was ratified by the African Union (AU) in 2002 to address Africa’s development problems within a new paradigm. NEPAD’s main objectives are to reduce poverty, put Africa on a sustainable development path, halt the marginalization of Africa, and empower women. Five years after the adoption of NEPAD, it is time to take stock and evaluate how far it has come to achieving its objectives, the obstacles to progress, and to suggest ways to improve implementation. The review should be as broad-based as possible.

This report reviews progress with implementation, assesses the challenges to implementation, and recommends measures to address these challenges. It highlights issues rather than provide a comprehensive and exhaustive assessment, achieving its goals of poverty reduction, putting Africa on a sustainable development path, halting Africa’s marginalization and empowering women, while focusing on the principles to achieve these objectives. As an input into a more comprehensive review, this report serves to

The report draws on several United Nations publications, especially the Secretary-General’s reports to the General Assembly on the implementation of NEPAD, and in particular, New Partnership for Africa’s Development: Third Consolidated Report on Progress in Implementation and International Support; reports from ECA; Regional Economic Communities (RECs); Africa’s; development partners; other UN publications; NEPAD Secretariat; reports from African governments; and from the academic community.

This report differs from earlier reviews of progress. In addition to reviewing achievements, the report also:

- Discusses structural, political, and economic obstacles to successful implementation of NEPAD principles;
- Suggests specific ways to improve implementation; and especially
- Emphasizes domestic resource mobilization.
The report is organized as follows: the first part reviews the progress achieved so far in the core areas of poverty eradication, placing African countries on a path to sustainable development, halting the marginalization of Africa and integrating it into the global economy, and accelerating the empowerment of women. The second part focuses on the constraints and challenges to the implementation of the NEPAD principles as envisioned by its framers, and the third part offers some suggestions for improving the implementation of NEPAD.
1. NEPAD Objectives

NEPAD is a vision and a development philosophy hatched by African political leaders for the holistic development of Africa. It is also a long-term, integrated and comprehensive programme that is intended to improve political, economic and social conditions on the continent.

The NEPAD objectives are to be achieved through several principles:

- Good governance: African leaders recognize that there cannot be sustainable development without the rule of law, legitimate power, predictable administration and responsive regulation;
- African ownership and leadership of development: if development is to be sustainable and serve the needs of Africans, then Africans must own it, initiate it, and lead the process;
- Anchoring development in the resources and resourcefulness of Africans: sustainable development is only possible if it is based on the resources of the region. The framers of NEPAD were aware of this and insisted that the process be anchored on African resources;
- Partnership among African peoples: Africans recognize that they can develop faster with increased cooperation, forming partnerships amongst themselves and pooling their resources;
- Accelerated integration of the continent: given the small size of individual African economies, NEPAD recognizes the need for economic integration among African countries to take advantage of scale and scope economies and to share resources;
- International partnerships to change the unequal relationship between developed and developing countries. The architects of NEPAD recognized that Africa cannot develop alone in an increasingly globalizing and inter-dependent world, and
- Ensuring that all NEPAD partnerships are linked to the Millennium Development Goals (MDGs): this ensures that outcomes of the NEPAD process are linked to improved living standards and well being of the majority of citizens in Africa. The MDGs also provide specific quantifiable benchmarks against which the success of NEPAD can be measured.
1.1 NEPAD priority areas

- Establishing the conditions for sustainable development by ensuring:
  - Peace and security
  - Democracy and good governance (political, economic and corporate, including the APRM)
  - Regional co-operation and integration
  - Capacity building

- Policy reform and investment in priority sectors:
  - Agriculture
  - Human development
  - Infrastructure
  - Diversification and increased promotion of manufactured exports
  - Acceleration of intra-African trade
  - Environmental protection and stewardship

- Increased mobilization of resources through:
  - Increased domestic savings and investment
  - Improved management of public finances
  - Increasing Africa’s share in global trade
  - Attracting more foreign direct investment (FDI)
  - Increasing capital flows to Africa through further debt reduction and increased official development assistance (ODA) inflows.

1.2 History of NEPAD

NEPAD is currently recognized by developing partners, such as the World Bank, the Group of Eight Industrialized Nations (G-8), the European Union (EU), the US Agency for International Development (USAID), the UK’s Department of International Development (DfID), and by the United Nations and its specialized agencies, as the mechanism through which support to Africa’s development efforts can be best delivered. Thus, the NEPAD process has come to be accepted not only by African countries and RECs but also by Africa’s development partners as the framework mechanism of the development effort.
Although there has been some notable progress, implementation of NEPAD and achievement of its objectives have been slow. The NEPAD Secretariat report to the fourteenth Summit of the Heads of State and Government Implementation Committee (HSGIC) on 22 January 2006 in Khartoum, Sudan suggests that implementation of the NEPAD programme of action has been modest, at best. Policymakers and stakeholders are concerned with the slow pace of progress in achieving the NEPAD objectives.

A thorough review of the progress of NEPAD implementation should be undertaken at three levels--continental, subregional (REC), and national--with appropriate case studies of successes and challenges at each level. However, due to the nature of this report--i.e. to serve as a discussion forum for a more comprehensive review of NEPAD (and the short-term frame required for completion)--such a three-tiered review is outside its scope. A broader and much more detailed review of NEPAD should incorporate those components.

Box 1: History of NEPAD

NEPAD is the result of three parallel initiatives by three groups (individuals) in the early 21st century. The first is the Millennium Africa Recovery Plan (MAP), led by South African President Thabo Mbeki and unveiled at the World Economic Forum in Davos in January 2001. The second initiative is the Omega Plan, crafted by the President of Senegal, Abdoulaye Wade, and presented to the Summit of Francophone African leaders in Cameroon in January 2001, and the third of these, The Compact for African Recovery initiated by the then Executive Secretary of ECA, K.Y. Amoako, in response to a mandate provided by African Ministers of Finance in late 2000.

All three initiatives share a common interest in increasing the pace and impact of Africa’s development. While these initiatives share common characteristics, there were also differences reflecting the regional and other biases of the originators. Compromises had to be made in order to merge the three proposals into one initiative. NEPAD thus reflects the compromises involved in arriving at a single initiative.
2. Key Achievements in Implementation of NEPAD

Transforming an organization, a nation, or a continent is a gradual, complicated, and uncertain process. It took the EU 50 years to get as integrated as it is now. NEPAD should not be expected to completely transform Africa within five years. Nevertheless, in the five years since its ratification, some progress has been made in implementing NEPAD principles. While some projects and initiatives may predate it, the NEPAD framework has provided further impetus to these projects. In reviewing the progress made, the report follows the NEPAD priority areas.

2.1 Peace, security, conflict resolution and democracy

In the areas of conflict resolution and conflict prevention, the AU has made progress in such African countries as the Democratic Republic of Congo (DRC), Liberia, Rwanda, Somalia and Sudan. AU has put structures in place to achieve these objectives. The Peace and Security Council has a strong mandate with resources. There is the Continental Early Warning System designed to prevent conflicts, the Panel of the Wise designed to mediate conflicts, and the African Standby Force conducts peacekeeping missions. AU peacekeepers are currently in DRC, Somalia, and Sudan, among other places. According to UCDP/PRIO data, the number of major civil conflicts in Africa decreased from 12 in 2001 to 3 in 2006. Although NEPAD is not directly involved in these activities, it mobilizes resources for the AU Peace Fund and it is charged with reconstruction in post-conflict countries.

In the areas of democracy and good governance, there is strong evidence that the NEPAD framework is yielding dividends. Democratic transitions and competitive politics are gradually taking root in Africa. Already, a number of countries, such as Ghana, Kenya, Mali, and Zambia have had democratic changes in government in free, fair and competitive elections. The AU and NEPAD principles played a leading role in the restoration of peace in DRC, Liberia, and other African countries. It is instructive to note the pivotal role that AU has played in preventing unconstitutional changes of government in African countries, such as in Togo. In gener-
al, NEPAD has been a positive catalyst for peace and security as well as for movement towards democracy in African countries. These achievements, however, are extremely fragile without further consolidation.

2.2 Economic governance and public administration

The NEPAD principles have led to the launch of a series of activities to increase the quality and efficiency of economic and public management. These activities include the African Management Development Institute Network set up in August 2005 funded by EU, Governance and Public Administration supported by Nordic development partners, and Senior Budget Officers’ Workshops in support of NEPAD. In addition, the German Government has funded a series of conferences on State capacity development in post-conflict areas.

NEPAD also had an important role to play in identifying bottlenecks in the regulatory and legal environments in African countries. Perhaps the most important aspect of NEPAD that could improve economic governance and public management is the African Peer Review Mechanism (APRM), which is able to highlight, on a country-by-country basis, the government structures, laws and capacities that need to be changed, reformed and developed. This process encompasses all aspects of economic governance, public management, democratic governance, as well as institutional structures that encourage efficient economic and public management. By creating a better investment climate for local and foreign companies, governments are able to forge partnerships that combine the best that the private and public sectors have to offer. The APRM is intended to encourage the adoption of best practices in these areas. Already, 26 countries have signed Memoranda of Understanding (MOUs) to participate in the APRM process. Several countries are in various stages of the review and three—Ghana, Kenya and Rwanda—have completed the process, with Ghana submitting a completed programme of action (PoA) that includes the full cost of implementation.

There are indications that reforms in this area are beginning to impact positively on economic performance in African countries. The Economic Report of Africa (ERA), 2006 and 2007 indicate that, on average, GDP in
Africa grew at about 5.7 per cent and 5.4 per cent in 2006 and 2005 respectively, compared to 5.1 per cent in 2003; government budgets recorded an average surplus of 0.6 per cent of GDP in 2005 and 0.1 per cent in 2006 compared to a deficit of 1 per cent of GDP in 2003; inflation remained in single digits at an average of 9.9 per cent in 2006 compared to an average of 10.6 per cent in 2003; the stock of external debt decreased to $282 billion in 2005; official development assistance (ODA) increased to $35.6 billion compared to $21 billion in 2002; and FDI increased to $30 billion or 2 per cent of world FDI in 2006. The current-account balance improved from a deficit in 2002 to a surplus of about 5 per cent of GDP in 2006, although this may be the result of high prices for crude oil. While this may not indicate extraordinary progress, Africa is moving in the right direction. These positive trends are not only associated with NEPAD and no causal relationship is implied here.

Despite these successes, several challenges remain. First, the average growth rate is far less than the 7 per cent required to achieve the MDG of halving poverty by 2015. Second, unemployment rates in African countries remain extremely high as employment is not growing fast enough. Third, as the 2007 ERA indicates, investment rates in Africa (as a per cent of GDP) are relatively low even though the average investment/GDP ratio has increased to 18 per cent from the low of 15 per cent in the 1970s, but lower than the 21.8 per cent recorded for 20004. Unless there is a rapid increase in productivity of capital, investment needs to increase dramatically if the MDGs are to be achieved in Africa. Finally, the proportion of the population living in poverty in Africa has actually increased slightly, from 37.2 per cent in 2002 to 38 per cent of the population in 2007.

2.3 NEPAD and RECs

Many African countries are too small to be cost-efficient and competitive in an increasingly globalized world. Economic integration is therefore necessary for fostering rapid economic growth and halting the marginalization of Africa. NEPAD’s designers foresaw existing regional economic communities (RECs) as the building blocks of continental integration. Most of these RECs have protocols to increase intra-regional trade and free the movement of people and goods, international transportation, pooling of energy resources, connectivity in communications, harmonization of economic policy and the momentum towards monetary union.
In several RECs, there has been real progress in some of these areas. There has been substantial tariff reduction to encourage intra-regional trade as well as substantial efforts to encourage the free movement of people across borders. For example, within the Economic Community of West African States (ECOWAS), there is free movement of people in addition to introduction of the ECOWAS passport, although residency in another country is limited to 90 days. There are serious attempts at the formation of monetary unions in the RECs. For example, the West African Economic and Monetary Union (Uemoa) is a full monetary union and non-Uemoa members of ECOWAS are working towards formation of the West African Monetary Union (UMOA) with the objective of merging with UEMOA to form a single monetary union for the ECOWAS subregion. To this end, countries in the subregion are harmonizing their economic policies to achieve this monetary union; these efforts seem to be paying dividends. While intra-African trade averaged slightly under 10 per cent between 2002 and 2006, it increased to 28.8 per cent in the UEMOA grouping in 2006. Other RECs are moving in similar directions.

Most RECs have emphasized the development of regional infrastructure with a major focus on transport, water, power and telecommunications, recognizing that appropriate physical infrastructure is necessary to achieving regional integration. Countries have agreed to complete the national portions of the Trans-African Highway System, and African countries are implementing the Yamoussoukro Decision to liberalize and improve air transportation. A lot of effort has been made to improve the links between ports and land-locked countries in the East African Community (EAC), ECOWAS, and the Common Market for Eastern and Southern Africa (COMESA). African countries have improved and expanded their telephone networks (both land lines and cellular) and have improved connectivity across countries through individual country efforts and sometimes through joint regional projects. Efficiency has improved partly because of economies of scale, privatization and competition. In some subregions such as ECOWAS, telephone authorities are working towards a common regulatory system.

2.4 Investment and development of priority sectors

In the areas of policy reform and investment in priority sectors, NEPAD, individual African countries, and RECs have initiated several projects
that are likely to contribute to the long-term development of Africa, if completed successfully and efficiently. The priority sectors include infrastructure, agriculture, human development, science and technology, and the environment and tourism. Achievements under NEPAD in these areas are summarized below.

Infrastructure

One of the major constraints to Africa’s development as cited by the 2006 *Economic Report of Africa* is inadequate infrastructure and services. Poor infrastructure and services increases transaction cost, decreases access to markets, and hampers regional integration. This serious infrastructural gap has to be addressed. Through NEPAD, African countries have developed the Short-Term Action Plan (STAP) on infrastructural development and mobilized resources through the African Development Bank (AfDB) and other development partners to fund these projects. The projects include power, road, rail and water transport as well as telecommunications and the East African Submarine System (EASSy).

Examples of projects include the Southern African Power Pool, Integrated Development of the Eastern Nile project, and the Enugu-Abalukeke-Mamfe road project. There is a greater emphasis on road transportation as evidenced by the attention being paid to the Trans-African Highway System. In the areas of water supply, NEPAD now has 22 water projects under way in seven river basins. STAP is to be rolled into the Medium-to-Long-term Infrastructure Plan, which is currently in the final preparatory stages and is being submitted for funding.
Key Achievements in Implementation of NEPAD

Box 2. Telecommunication Infrastructure in COMESA: COMTEL

RECs and member states are implementing several infrastructure projects within the NEPAD framework. One such project in the telecommunications sector is the COMESA COMTEL project. It is intended to improve service delivery, interconnectivity of telecommunications services across countries, and lower cost to customers in COMESA countries (Angola, Burundi, DRC, Comoros, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Malawi, Madagascar, Mauritius, Namibia, Rwanda, Seychelles, Swaziland, Tanzania, Zambia, and Zimbabwe). COMTEL is a backbone network that is configured to include fiber optic, microwave, and satellite connectivity. It is a joint public (COMESA) and private (national telephone operators) venture that builds on existing networks but will use modern technology. Traffic verification, business plans, shareholder agreements, and co-operation and connectivity agreements have been signed and analyses of regulatory issues completed. COMTEL Communication has been registered as a limited-liability company. NEPAD is promoting the project and will facilitate funding.

Source: NEPAD, List of STAP Projects

Two major information and communications technology (ICT) projects on the NEPAD agenda are the e-schools project and the EASSy. E-school demonstration projects have been launched in 20 African countries. Improved internet access is needed to solve the technical and operational problems. Feasibility analysis of EASSy was completed in 2005 with the participation of five African countries, and AfDB has agreed to fund the project.

Completion of these projects will ease some of the infrastructural problems constraining Africa’s socioeconomic development. It will reduce transaction costs, increase the pace of regional integration, enlarge markets, and increase intra-African trade. Besides the economic benefits gained, completion of these projects will reduce the social and cultural distances among African peoples. It must be stressed, however, that this represents a modest beginning given Africa’s infrastructural needs. For this reason, more efforts should be expended to attract private sector participation in infrastructural development. Besides construction of physical infrastructure, there should be better coordination of policies on the use of infrastructure is needed.
Agriculture

Within the NEPAD Framework, African countries and RECs have developed and adopted the Comprehensive African Agricultural Development Programme (CAADP) with support from their development partners. The NEPAD Secretariat conducted a series of regional workshops in 2005 to help implement CAADP. African governments have agreed to increase agriculture’s share in national budgets to at least 10 per cent by 2008. CAADP has also received significant support from such development partners as the Food and Agricultural Organization (FAO), International Fund for Agricultural Development (IFAD), World Bank, USAID, World Food Programme (WFP) and the leadership of Africa’s RECs. In addition to CAADP, the World Bank has launched the Multi-country Agricultural Productivity Programme (MAPP) as well as established a fisheries seed programme. NEPAD, in conjunction with the Global Alliance for Improved Nutrition (GAIN) has established the National Food Fortification programme in several African countries.

These efforts should lead to improved food security. However, the per capita food production index decreased by about 0.5 per cent between 2000 and 2006 while the number of people classified as hungry in Africa increased from 176 million to 210 million between 2004 and 2006. Several possible reasons could account for this. The first is that these efforts take time before they affect food production and consumption. Another possibility is that NEPAD’s agricultural efforts may have focused on the production of export crops at the expense of food crops. In that case, although agricultural production may have increased, it is possible that hunger also increased. It could also be that the increased effort was not enough to increase agricultural output significantly.

Human development

Human development involves investments in health, education and training, and gender equality. African countries have developed several human-capital initiatives within the NEPAD framework.

Education

NEPAD principles emphasize education for all with its “Basic Education and Education for All” Project. This project will ensure access to primary
and high school for all school-age children. An important aspect of this strategy is the primacy of science in primary and secondary schools. To this end, the “Building Capacity in Education Research and Development for Africa” component that emphasizes scientific research in high-school education has been developed and adopted by African countries under the NEPAD Principles. This is a welcome change in the delivery of instruction in Africa as it emphasizes problem solving rather than memorization. NEPAD has identified the ECOWAS subregion as an area where governments should make special efforts to accelerate gender equity in education. NEPAD school-feeding programmes have been implemented in pilot stages in many countries, including Ghana and Nigeria.

To increase the supply of qualified teachers, the Distance Education and Teacher Training Development Project has been introduced in four Central and Southern African countries, with contracts signed with four African universities to deliver instruction. As part of the implementation of NEPAD principles, projects in Mathematics and Science education in post-conflict environments in the five NEPAD subregions of Africa have been established. These pilot projects should be extended to all parts of Africa if they prove successful. However, it is necessary that these efforts be linked to labour market needs and labour market reforms if Africa is to reap their benefit.

In spite of these investments, a large proportion of school-age children are not enrolled, there are serious shortages of qualified teachers and quality in science education remains elusive. However, there are indications that enrolment rates of girl students in primary and high schools are growing faster than the rates for boys. For example, the gender-parity ratio for primary and secondary school enrolment increased from 80 in 1991 to 83 in 2004 (WDR: 2007). It must be noted that girl enrolments start from a very small base so a lot remains to be done on this score. There is anecdotal evidence (e.g. in Ghana) that the school-feeding programme is achieving the dual objectives of improving nutrition and increasing school enrolment. This is an example of programmes that emphasize small steps but yield big dividends.
Challenges and Prospects in the Implementation of NEPAD

Box 3: School Feeding Programme in Ghana: A NEPAD Success Story

The NEPAD School Feeding Programme provides at least one nutritious meal a day for poor rural primary schoolchildren in Ghana. The Feeding Programme started in January 2006 after a pilot programme in one school in each of the 10 regions from September to December 2005. Currently, the programme covers at least one school in each of the 110 districts, carried out by a local implementation committee in collaboration with the Ghana Education Service and coordinated by a National Task Force. The menu is based on food crops grown in the local area, thus providing markets for local farmers.

Initial reports suggest that the programme has been a resounding success. School enrolment has dramatically increased (it has doubled in some rural schools), absenteeism has dramatically decreased, and the number of hungry and malnourished school children has decreased.


Health

Sustainable development is not possible without improvements in human health. The NEPAD framework focuses on resource mobilization for the health sector in African countries. For example, both development partners and African countries agree with the recommendation of ECA that a third of all additional aid to Africa should be devoted to the health sector. In addition, African countries are working within the NEPAD framework to improve the capacity of health care systems, especially aiming to ensure adequate supplies of health care professionals. NEPAD principles advocate the mainstreaming of the fight against HIV/AIDS. Currently, the NEPAD Secretariat is working with African governments to provide antiretroviral therapies for HIV/AIDS patients through such programmes as “Fight Against Aids”. The NEPAD Secretariat is also working with the AU Commission and development partners such as the Gates Foundation, UNAIDS, and the US Centre for Disease Control (CDC) regional offices in Africa to develop a strategy for reducing the rate of HIV/AIDS infection and the mortality rate of those infected.

In spite of the efforts to reduce HIV/AIDS in Africa, the disease seems to continue to spread. It is estimated that 75 per cent of all HIV infections
worldwide are in Africa with prevalence of the diseases among women aged between 15-49 years being estimated at 6.2 per cent of that cohort (WDR: 2007). The mortality rate of infected people in Africa is so high that life expectancy in several African countries has dropped dramatically after decades of consistent improvement. For example, life expectancy in Botswana and Zambia were 38 and 37 in 2004 compared to 61 and 50 respectively in 1987.

In such countries, the epidemic is not only overwhelming the health care system, it is also having a negative impact on economic growth as the labour force declines and the dependency ratio increases. African countries will need to be vigilant and increase their efforts in order to reverse the trend in HIV infection. The experience of Uganda suggests that infection rates can be slowed if policymakers treat it as a public health issue and discuss it candidly and publicly based on the most recently available scientific evidence.

In addition to the negative effects of HIV/AIDS, the effects of other endemic diseases such as malaria and tuberculosis are on the rise. The emphasis on health resources (public and private) means that there is not much left to take care of other public health needs such as child immunization and environmental health. The probability that a 15-year-old youth will die before reaching 60 years is 0.28 in Africa compared to 0.08 in OECD countries (WDR: 2007). Part of the reason for the state of affairs besetting health care in Africa is the lack of capacity, especially that of health care professionals and support staff. The above suggests that it will be very difficult for Africa to achieve MDGs 4 to 6 by the years targeted.
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Environment and tourism

To ensure sustainability of the environment, African countries, within the NEPAD Framework, have developed and adopted Subregional Environmental Action Plans, including stocktaking and establishing a technical support team. Funding for these projects was obtained from the Global Environment Facility. The NEPAD/AU Tourism Action Plan was adopted by the World Tourism Organization Commission for Africa in 2004. Institutional capacity training for implementation of the Plan has been provided through seminars at various sites in Africa. Despite these efforts, Africa’s potential to draw tourists worldwide is low; international tourist arrivals in Africa in 2005 was 36.72 million out of world total arrivals of 806 million. In the same year, Africa received tourism revenues of $21.5 billion, the smallest among all regions of the world representing only 3.1 per cent of world tourism revenues. This suggests that tourism has not been vigorously promoted in Africa and that this combines with lack of infrastructure to explain the low development of tourism in Africa.

2.5 Science and technology

Science and technology is one of the NEPAD priority areas. Within the framework, several programmes have been initiated. These include design of science, technology, and innovation indicators, establishment of the African Biosciences initiative consisting of four regional science networks, the African Water Sciences Technology Networks, and the African High-Level Panel on Modern Biotechnology. In addition, African leaders have adopted Africa’s Science and Technology Consolidated Action Plan with an initial budget of $160 million, planned to increase to 1.5 billion. Moreover, NEPAD is emphasizing science and technology in high schools as an essential part of its education programme. The goal is to increase the supply of scientists engaged in addressing African problems.

These programmes represent serious efforts on the part of the leaders to tackle the technology gap between Africa and the rest of the world. If these efforts pay off, the benefits could be huge for Africa. However, it is one thing to establish centres and quite another to fund and get tasks done by these bodies. It is not clear how much additional research will be funded in these centres, how much intellectual capital will be attracted to them, and what role universities will play in them. In short, long-term sustaina-
bility and institutionalization of the centres is not clear. Given that African universities have research facilities, it may be cheaper to do most of the research in current university facilities using university personnel^{10}.

### 2.6 Industrialization

The AU General Assembly endorsed the Africa Productive Capacity Initiative (APCI) as NEPAD’s industrial strategy, in July 2004. Implementation began with an Action Plan for the West African subregion later the same year. The Action Plan consists of identification of priority sectors, harmonization of industrial policy at the subregional level, financial contribution for setting up an APCI support facility, creating competitiveness observatories, support for the centres of excellence, and establishment of a follow-up mechanism. So far, there has been little follow-up on this initiative and industrialization in Africa continues to be among the lowest and least efficient in the world.

Lack of knowledge about the existence of the follow-up, indicating need for communication and promotional activity, and lack of resources are the main reasons for its ineffectiveness. The financing of this initiative is supposed to come from African countries themselves. Owing to competing demands on the scarce resources, funding has not been forthcoming. The result is that African countries, with a few exceptions, continue to export raw materials and virtually import all the manufactured goods they consume. For example in 2004, Africa accounted for only 1.8 percent of the world’s exports of manufactures (UNIDO: 2004).

### 2.7 African Peer Review Mechanism (APRM)

One of the most innovative aspects of the NEPAD process is the APRM in which African countries voluntarily subject themselves to a comprehensive and critical review by their peers. It has, however, been difficult to implement. This process not only requires a lot of resources but also takes political courage for governments as it might expose them to criticism. The acceptance of the APRM process demonstrates the degree to which African leaders have opened up to transparency and accountability in governance, learn from each other, and adopt best practices. The APRM process also demonstrates to development partners that African governments can be trusted with resources.
So far 26 African countries, representing 74 per cent of Africa’s population, have signed Memoranda of Understanding (MOUs) to participate in the APRM process. Of these, 12 have initiated the process and are in various stages of implementation and three of them--Ghana, Kenya and Rwanda--have completed the review process with another three (Algeria, Nigeria and South Africa,) nearing completion. The former three have started the implementation phase. The African Peer Review Forum (APRF) has met frequently to review progress, to discuss implementation and provide feedback to member states as well as exploring ways to improve the process.

The APRM process is producing some results. The process is making it possible for countries to benchmark good governance on the continent vis à vis shared African and international norms and standards. Capacity for review and evaluation is being developed as the process moves forward. Moreover, the process showcases Africa’s innovative thinking on governance to the rest of the world. Annual progress reports on implementation of National Programmes of Action seem to suggest that countries are beginning to enjoy the benefits of the APRM process.

APRM implementation has been slow, partly because of the complexity and comprehensiveness of the review process and the short timeframes envisioned. This, combined with severe resource constraints, means that progress towards full implementation is slow. The Sixth Africa Governance Forum (AGF-VI) made recommendations that the APRM Secretariat has adopted, to improve the process. Political will on the part of government to openly subject itself to the process is another reason for slow implementation.

2.8 Private sector participation

If NEPAD principles are to be successfully implemented, the private sector in Africa will have to play a pivotal role. After all, most jobs, output, and other issues relating to human welfare are provided by the private sector in market economies. It is therefore necessary that the private sector not only buys into the NEPAD vision, but is also a leading partner in the process. As a leading partner, the private sector should not only be involved; it should be at the table when policies are being conceived.
NEPAD has engaged the private sector in a number of ways. There are NEPAD Business Groups under the umbrella of the African Business Roundtable, and there are NEPAD Business Chapters in several African countries including Kenya, Nigeria and South Africa. Under the aegis of the African Business Roundtable, several chapters of NEPAD Business Groups are being formed in many African countries, such as Cote d’Ivoire and Ghana. These business groups make representations to NEPAD and are adopting NEPAD principles in their business practices. They also have interactions with NEPAD focal persons/groups in country. These business groups should be encouraged to develop and be given a greater voice in the NEPAD process.

In addition, NEPAD has forged relationships with the private sector in the developed world. Private sector organizations, such as the World Economic Forum, the Commonwealth Business Council, and the Corporate Council on Africa, hold annual meetings to promote investments in Africa.

2.9 Gender equity

One of NEPAD’s major objectives is to achieve gender equity and to empower women. African governments have adopted several protocols to promote gender equity. Gender equity is important for sustainable development because societies cannot develop when 50 per cent of their populations are not empowered to contribute fully to the development process. Gender equity could therefore lead to faster economic growth and benefit all. Second, women are the ones who raise children and if these children are to grow up to contribute ideas and initiatives to development, it is important for them to grow up in environments that give them the freedom to pursue their dreams. Investment in women and girls therefore has a very long-term impact on the adults of the future. Gender equity is also likely to lead to increased human capital formation. A very large proportion of the poor in Africa are women and children. Without gender equity in opportunities, it will be difficult to eliminate poverty. Gender equity should therefore be treated as a development issue, not just a moral or cultural issue.

Fifty-one African countries have signed the Convention on the Elimination of Discrimination against Women (CEDAW) and African Heads of State have adopted the Solemn Declaration on Gender Equity in 2004.
Several countries have passed laws outlawing discrimination against women and making domestic violence a felony. The AU Commission was founded on the principle of 50/50 gender parity and the Pan-African Parliament is to have at least one woman among each country’s five representatives. Many African countries have Ministries for Gender Affairs while in some countries (e.g. Rwanda and South Africa), almost half the cabinet ministers and deputies are women. Some African countries (e.g. Botswana and Uganda) have adopted gender-sensitive budgeting. In addition, ECA and the United Nations Development Programme (UNDP) have established the Enterprise Development Facility to help African women finance enterprises.

In education, the gender gap in enrolment appears to be narrowing. NEPAD has targeted ECOWAS as an area where governments need to pay special attention to gender equity in school enrolments. There have been many pronouncements about gender equity at public forums and this has brought the issue to the attention of many African governments.

Although there has been progress in highlighting gender equity, progress has been lagging. The 2005 ECA Study, *Promoting Gender Equity and Women Empowerment in Africa: Questioning the Achievements and Confronting the Challenges Ten Years after Beijing* suggests that in some areas, African women are nowhere near achieving gender equity. Although women have made some gains in political power, they are less represented at high levels of decision-making than their male counterparts. Poverty among women remains very high and women still face discrimination in employment and in the control of productive resources. The problem is not lack of legislation that ensures the equality of women in African countries; the problem is the effective enforcement of these laws.

### 2.10 International community and resource mobilization

**Response of the international community**

The international community has responded favourably to the NEPAD initiative in several ways. It has strengthened its partnership with Africa, made commitments to increase ODA, offered debt relief, increased trade
with Africa, and increased FDI to Africa. In general, all development partners recognize NEPAD as the framework within which to support Africa’s development efforts. This subsection summarizes the response of the international community to NEPAD.

The international community has voiced strong support for Africa’s development through the NEPAD process. The case has been made in two publications---the United Nations Millennium Project’s *Investing in Development: A Practical Plan to Achieving the Millennium Development Goals* and the Commission for Africa’s *Our Common Interest*. Both reports argue that:

(a) It is in the interest of both Africa and its development partners for Africa to develop;
(b) Development partners will have to substantially increase their support for Africa if its development is to be sustained; and
(c) Increased support should be well targeted and supported by good policies and institutions that ensure aid effectiveness.

In addition to these reports, civil society groups and NGOs have organized activities to support and publicize the NEPAD initiative. This publicity led the G-8 industrialized countries at their summit in Gleneagles, to commit to large increases in ODA, substantial debt relief, and increased trade as a means of supporting African development.

**Resource mobilization**

*Increased ODA*: The NEPAD framework has enabled African countries to mobilize a substantial amount of resources to support development. ODA to Africa increased from $22.2 billion in 2002 to $26.3 in 2003 to $35.2 billion in 2005. Development partners have committed to increasing their development assistance to Africa, substantially. For example, members of the EU agreed to double their assistance to Africa between 2004 and 2010. Under these pledges, 15 members of EU pledged to increase their ODA/GDP ratio to at least 0.56 per cent by 2010 and to reach the 0.7 per cent goal as enshrined in the Monterrey Declaration by 2015. Some African countries (e.g. Ghana) have also benefited from the United States Millennium Challenge Account (MCA) grants. These commitments were preceded by the 14th replenishment of the World Bank’s IDA and the 10th
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replenishment of the African Development Fund. There are also efforts to increase the efficiency of aid through adoption of the Paris Declaration on Aid Effectiveness, which is complemented by the joint ECA/OECD review of development effectiveness in Africa.

These are unprecedented commitments to Africa. However, as both the Millennium Project and the Commission for Africa Reports indicate, the increased commitments of ODA to Africa are only a fraction of what Africa needs if the MDGs are to be achieved\textsuperscript{12}. Second, commitment is one thing; timely delivery is another. If ODA is not delivered in appropriate amounts at the right time, recipient countries cannot implement projects and programmes in a timely manner. Aid may therefore lose its effectiveness.

Currently, less than 10 per cent of additional aid commitments made by the G-8 at the Gleneagles Summit has been delivered, as profiled by former UN Secretary-General, Kofi Annan, in the Africa Progress Panel Press reports on 21 June, 2007)\textsuperscript{13}. Development partners should take heed of the United Nations Secretary-General’s 2006 fourth Consolidated Report to the General Assembly, The New Partnership for Africa’s Development: Progress in Implementation and International Support, which asks the G-8 to increase and honour their commitment to NEPAD.

Although ODA commitment to Africa has increased, most of this has been in the form of debt relief. There has been very little in the way of net flows of financial resources to Africa in real terms. Granted that debt relief means fewer outflows of financial resources, but the current situation does not allow for increased financing of development as anticipated. Assuming that ODA flows to Africa are enough, the issue of Africa’s capacity to absorb this increased ODA should also be addressed. There is need to increase the capacity of African countries to receive and manage increased ODA. This will call for improved accountability and development performance.

Even if NEPAD is successful in generating increased ODA for African countries, there is the danger, as some critics charge, that Africa is becoming increasingly aid dependent. Already, there are some African countries that rely on ODA for budgetary support, with ODA as high as 10 per cent of GDP\textsuperscript{14}. Critics argue that such large amounts of ODA make
African countries unwilling or incapable of making the necessary policy reforms that will lead to sustainable development\textsuperscript{15}.

**Debt relief:** The NEPAD process has led to substantial debt relief. The Heavily Indebted Poor Countries (HIPC) debt relief programme resulted in cancellation of all the debts that 14 African countries owed to the World Bank and International Monetary Fund (IMF). Another nine African countries are eligible for a total of $11 billion in debt relief when they reach the HIPC completion point. The Paris Club of creditors has made a special debt relief deal for Nigeria estimated at about $18 billion. Africa’s average debt/GDP ratio fell from about 52 per cent in 2002 to about 26 per cent in 2006\textsuperscript{16}.

Debt relief has had positive benefits on Africa’s development. It means that African countries can use the resources that would have been used to service debt for the provision of services or for investments that will lead to long-term development. It also implies that African countries will not have to divert the expertise of skilled policymakers to debt-rescheduling negotiations. Finally, debt forgiveness will allow African countries to undertake long-term planning and implementation of policies.

It must be remembered though that even after debt relief on the scale indicated, many African countries still carry heavy debt-service burdens. For example, Zambia spends more on debt servicing than it spends on health care annually\textsuperscript{14}. Besides, a large number of African countries are not eligible to receive debt relief.

**Increased FDI:** The flow of FDI to Africa increased substantially from $15 billion in 2003 to $31 billion in 2005 (\textit{World Investment Report, 2006}). This represents only 3.5 per cent of the inflows of FDI to the developing world. Second, this increased FDI inflow is narrowly confined to the natural-resource extraction sector in a few countries. For example, only five African countries accounted for 66 per cent of the inward FDI in 2005\textsuperscript{17}. With the exception of South Africa, African countries received very little non-natural-resource-related investment.

The inflows of FDI to Africa are not sufficient for increasing economic growth in such a way as to reduce poverty substantially and achieve the MDGs. Failure to attract large inflows of FDI is partly attributable to the
investment climate in Africa. The 2006 McKensy *Global Survey of Business Executive Confidence* does not mention Africa as one of the regions in which executives have confidence. Given that Africa needs large infusions of FDI to increase economic growth and employment, African governments should pursue the appropriate policies in order to increase FDI inflows.

Improving infrastructure, the efficiency and transparency of economic and legal institutions and the creation of the Investment Climate Facility (ICF) with large capitalization will help. To encourage increased FDI inflows, NEPAD is in the discussion stage of establishing an African Investment Climate Facility (ICF) with an initial capitalization of $0.5 billion. Development partners will also implement investment facilities. For example, Japan has agreed to establish the Enhanced Private Sector Assistance Programme to provide up to $4.12 billion over five years to support small-to-medium-sector enterprises. Similarly, France is spending Euro70 million to develop a legal framework for promoting business in Africa. More importantly, Africa needs to encourage and foster a business-friendly environment, reduce corruption, vigorously and promptly enforce contracts, and seriously reduce bureaucratic red tape if it is ever going to attract increased non-resource-related FDI.

*Trade*: While increased ODA or debt forgiveness may temporarily stimulate the pace and level of development, the major catalyst to sustainable development is trade. One of NEPAD’s objectives is to increase Africa’s share of world trade, especially the exports of manufactured goods. Within the NEPAD framework, African countries have been aggressive in the Doha Round of WTO negotiations to give Africa a voice in designing world trade rules. Most African countries have reformed their trade policies to increase their chances of increasing exports. Unfortunately, African countries have not fared well in increasing exports. According to WTO data for 2006, Africa’s share of global merchandise exports in 2005 was less than 3 per cent of the world total, a substantial reduction from the 6 per cent share Africa had in 1980. Indeed it is feared that the phasing-out of the multi-fiber agreement may dampen the export prospects of African countries. On the other hand, reducing agricultural subsidies in industrialized countries under the Doha Round of WTO negotiations should boost the export prospects of Africa.
For many African countries, the barrier to increased international trade is not access to export markets but the supply bottlenecks. Although NEPAD envisages that Africa increases its share of manufactured exports to 17 per cent of its total exports, many African countries continue to export a narrow band of primary commodities. Africa is not able to take great advantage of available opportunities under such preferences as the African Growth Opportunity Act (AGOA), and Everything-but-Arms (EBA), despite the many efforts at macroeconomic reforms and trade liberalization. In fighting for market access, NEPAD should also focus on improving Africa’s ability to increase the supply of a diversified-market basket of exports through appropriate supply-side policies and production.

The service sector with its relatively low wages and liberal education would seem to give Africa a comparative advantage. Unfortunately, African countries seem to be chasing what China has already captured, that is, low-level manufactured exports. Policies and investments designed to diversify exports and add value are much needed.

2.11 Support of the United Nations system

The United Nations and its specialized agencies have been champions of the NEPAD process. Details of the support the United Nations has given NEPAD are provided in the Secretary-General’s 2005 report to the General Assembly entitled United Nations System Support for the New Partnership for Africa’s Development (E/AC.51/2005/6). The elements of this support consist of institutional support, developing codes and standards, providing technical assistance, advocacy on behalf of NEPAD, and financial support.

With the adoption of NEPAD by the General Assembly, each UN organization and agency was requested to examine how it should respond to the priorities of NEPAD, particularly in the context of the need to work with African countries and their regional organizations. Resolution 57/7 of 4 November 2002 called for UN system organizations to coordinate their activities in support of NEPAD to ensure maximum results and to align their activities in Africa with the priorities of NEPAD. For this purpose, the Regional Coordination Mechanism (RCM) has been established to enhance UN system-wide coordination, coherence, and cooperation in the delivery of support for greater effectiveness and impact. It is expected to
achieve this through increased joint programming and implementation of activities, operationalized through a cluster system. Another key objective of the RCM is to improve cooperation and collaboration between UN agencies, and African continental organizations such as the AU Commission, the NEPAD Secretariat, Regional Economic Communities (RECs) and the African Development Bank (AfDB).

The annual meetings of the RCM provide a platform to report and assess progress in coordinating efforts in the delivery of support and to chart the way forward. Since the creation of the clusters during the 4th Meeting of the RCM (October 2002) which established five; the cluster have increased and undergone continuous reconfiguration, and refinement to effectively support the implementation of NEPAD. After the 6th Meeting in July 2004, the annual consultations were dormant until it was revived with the 7th Meeting in November 2006, during which the number of clusters increased to nine. Ever since, the meetings have become regular annual events.

The 7th Meeting of the RCM generated the necessary momentum for UN support to the AU and its NEPAD programme to strengthen coordination and revitalize the cluster system as well as strengthen partnerships with African regional and subregional organizations. Following the signing of the Declaration on enhancing UN-AU cooperation in November 2006, UN support was extended to the African Union (AU) in the context of the RCM. The meeting also emphasized the importance of developing a sub-regional coordination mechanism of UN support to the AU and its NEPAD programme to bridge the gap between existing regional and national coordination mechanisms.

Since their establishment, these clusters have carried out numerous activities in support of the implementation of NEPAD. Cluster activities are having tangible impacts on the implementation of key regional development agenda and on the institutional landscape in support of the AU and its NEPAD programme. The United Nations system is working together to provide focused and coordinated support to NEPAD and to help mobilize resources to support African development. Overall, the United Nations system has probably been the most stable and important pillar of support for the NEPAD process.
2.12 Summary

The above review suggests that although NEPAD has achieved some successes, a lot remains to be done if the goals of poverty eradication, placing Africa on a sustained development path, integrating Africa into the world and halting its marginalization, and accelerating the empowerment of women, are to be achieved. Poverty in Africa continues to be unacceptably high sometimes burdening over 40 per cent of the population, most of them women and children. HIV/AIDS and other endemic diseases continue to ravage populations at alarming rates. Although making some progress, Africa is not moving on a firm enough path towards sustainable development, is still marginalized in world economic relations and is still dependent on its donors as ever. Gender equity is far from being achieved. Indeed the 2007 Economic Report of Africa suggests that Africa as a whole is not likely to meet the MDGs by the years targeted, although a few individual countries might meet some of them. A new strategy of economic development that stresses diversification is crucial.
3. Challenges for Implementation

In a relatively short period of time, NEPAD has made some gains. It has successfully called attention to Africa’s underdevelopment, evolved a uniquely African framework for development that puts Africans in charge of their destiny, and engaged the commitment of the international community. The unique aspect of NEPAD is the recognition that development should be holistic and Africans should be held accountable in order to ensure success. This has generated excitement and support among development partners, who in turn, have made large commitments to support Africa’s development, as discussed earlier.

This section discusses some challenges to NEPAD’s implementation, organized around three themes: structural/institutional, political, and economic constraints. The issues may not fit neatly under the three themes, as some challenges may be relevant to two or more of the themes.

3.1 Structural constraints

The structural constraints to implementation of NEPAD include the structure of NEPAD itself, its ambitious programmes, the relationships among NEPAD, RECs and member states, and the lack of African ownership.

The NEPAD structure

NEPAD is not only a vision and an approach to development. It is an institution-based development organization with a large portfolio of programmes and projects. However, it is still a young entity and there are still some unclear and undefined responsibilities among various levels of NEPAD that hamper forward progress. The very combination of vision, development organization and projects on the ground makes implementation unwieldy. For example, a vision sets broad outlines while project implementation requires detailed, area-specific involvement on the ground. It may be impossible for an organization to do both effectively.

Without an implementation organ, NEPAD relies on member States and RECs to implement its programmes. However, its relationship with member States and RECs, the responsibilities of each, and communication
channels among them, are not well defined. For example, it is not clear whether the authority and responsibility for setting programmes and projects rests with HSGIC, the Steering Committee, the Secretariat, RECs, or member States. This lack of clarity of roles sometimes leads to confusion and duplication of efforts. It may be more effective for NEPAD to confine itself to the vision and setting broad continental goals and assist RECs and member States to carry out the specific projects to achieve those goals.

As an AU creation, NEPAD is supposed to function within the AU system. However, as designed, NEPAD is not a part of AU and is effectively functioning as an autonomous organization. Plans are afoot to bring NEPAD fully under the AU umbrella, but given the various missions of NEPAD, it is not clear how all can be integrated into AU. Is it the vision it carries, or the programme and policy formulation, or the coordination, or the resource mobilization component or all of these functions that will be integrated? It is important for NEPAD to narrow its focus during the integration process? Even when responsibilities are clear and channels of communication delineated, NEPAD still has to enhance and expand its decision-making process.

NEPAD is supposed to herald openness and participatory decision-making. However, most of the business is done between the Secretariat, the HSGIC, and the Steering Committee; not all member states get the opportunity to participate effectively in formulation of policies and programmes at their inception. Moreover, the HSGIC is composed of five permanent members and 15 other AU members. There are ongoing efforts to increase membership in HSGIC to 25 and to elect the non-permanent members on a rotating basis. Whatever the composition of HSGIC might be, there is still need for NEPAD decision-making at the highest level to be more inclusive.

RECs and NEPAD

The success or failure of the implementation of NEPAD programmes depends on the buy-in of member States and RECs and the ability of these units to implement NEPAD principles. However, it appears that member states and RECs are not treated as integral parts of NEPAD, at least in terms of organization and decision-making. It is instructive that the NEPAD website does not show RECs and member states to be integral
parts of the organizational structure even though they are the pillars upon which successful programme formulation and implementation rest. Given the importance of RECs and member states in implementing NEPAD programmes, it is not only important to include them in decision-making, but all effort must be made to improve their capacity to formulate and implement the programmes and projects.

NEPAD’s dependence on countries and on RECs to implement policies and programmes means that these entities have to align their policies, budgets, and development plans with those of NEPAD. However, countries may have plans that are inconsistent with NEPAD principles and may not have mechanisms in place. NEPAD should provide appropriate incentives for countries and RECs to change their plans. This situation creates an incentive problem for the implementation of NEPAD, further complicated by the fact that some programmes in RECs and member States are financed by external donors whose priorities differ from NEPAD’s, or who are already committed to other kinds of projects, or have not yet shifted under emerging policies. In such circumstances, NEPAD priorities are likely to take a back seat to those of the sponsors. This, together with capacity constraints, weakens the ability of countries and RECs to implement NEPAD programmes effectively and on a timely basis.

Coordination

NEPAD is a huge, complex and a far-reaching undertaking with many parts, several layers, programmes, projects, and participants. It involves the AU General Assembly, the HSGIC, the Steering Committee, the Secretariat, RECs, member States, development partners, the United Nations system, the private sector, and other stakeholders. It involves a vision and a set of programmes and projects at the continental, regional, sub-regional and national levels, in different sectors of the economy, and the mobilization of resources to bring this vision to fruition.

Such a complex undertaking requires coordination among the various actors and programmes and success or failure depends, to a large extent, on the effectiveness of this coordination. Coordination problems have already surfaced between United Nations agencies working in Africa and NEPAD as the Joint Investigation Unit (JIU) report indicates. There is also evidence of a coordination problem between the RECs and NEPAD and
among the RECs themselves. It may be necessary for the NEPAD Secretariat to play an increasing role in coordinating the various arms making policy and carrying out activities.

African ownership and information gaps

Despite the international recognition NEPAD has garnered, it remains little understood within Africa itself; the average African does not understand what it stands for. The ordinary African citizen thinks that NEPAD is another form of conditionality imposed indirectly by foreigners. Even bureaucrats who are charged with its implementation do not generally understand what NEPAD is and what processes are involved. Because it is a high-powered, politically initiated framework by African Heads of State, it has created the impression among ordinary Africans that it is a government owned and imposed process. Without proper understanding and participation from the general public, it is difficult to generate popular understanding of and support for NEPAD.

The perception that NEPAD is another form of conditionality imposed from outside underscores the need to publicize NEPAD aggressively. Effective implementation may require an all-out effort to better explain what it is, its benefits, and its relevance to the general public. After all, the centrepiece of NEPAD is transparency, accountability, and citizen-ownership. One cannot own something that one does not understand and has had imposed from above. The media should be sensitized and mobilized to be a partner in and driver of the process. A strong, independent, and viable press should be one of the benchmarks in the APRM process, but this is not yet the case.

Monitoring and evaluation

Effective implementation of any programme or project requires monitoring and evaluation with the provision and flexibility for making appropriate adjustments when necessary during the implementation process. This monitoring and evaluation should be guided by clearly defined, objective, and quantifiable criteria. For NEPAD, these are: eradication of poverty, placing Africa on a sustainable development path, reducing the marginalization of Africa, and empowering women. Since these objectives are linked to the MDGs, the criteria and benchmarks should be set as close
to the MDG benchmarks as possible. The monitoring process should also set a specific timeframe to the achievement of these benchmarks.

This will entail setting quantifiable benchmarks and a timetable towards achieving them. For example, there is no objective criteria and timetable towards achieving gender equity. Countries are advised to relate their plans and programmes to achievement of the MDGs. Although the MDGs set clear and quantifiable benchmarks, NEPAD does not provide any guidelines and time-frames of its own for African countries towards achieving these objectives. Without quantifiable objectives and specific time lines, there are no incentives for countries to implement the NEPAD programmes quickly.

3.2 Political constraints

Political constraints to effective implementation of NEPAD may stem from the lack of political will to adopt and implement NEPAD programmes because of unwillingness to bear implementation cost, and reluctance to disturb prior relationships or open-up to scrutiny without immediate benefits. Inability to implement programmes arises even when there is political will to do so, due mainly to institutional weaknesses and capacity. Another political constraint to NEPAD’s implementation is whether there will be continuity in leadership support, to champion the process once the founders exit the political scene.

Political will

The success or failure of NEPAD depends on the political will to implement NEPAD programmes. NEPAD requires African leaders to conduct their affairs in a democratic, honest, efficient, and transparent way and to voluntarily submit themselves to review by their peers, as well as implementing policies that could possibly be unpopular. This process is likely to meet political resistance from those who stand to lose without countervailing support from those who might gain from the programme. For example, attaining gender equity will require political leaders to challenge existing traditional practices and entrenched interests. This requires political courage and risk-taking.
As another example, achievement of regional and possibly continental integration may require regional/continental decisions or programmes to supersede national policies. African governments may not have the political will to subsume their national policies under the regional/continental policies, if national policies (priorities) conflict with regional ones. For example, regional integration may require lowering trade barriers among member states. This may mean job losses in protected industries. Governments may not be able to stand up to the predictable labour strife from those affected. Some of these problems could partly be solved through compensating schemes. However, the NEPAD process may not have the financial resources to support such schemes.

An issue that is often ignored in debates is whether there will be continued donor support as political fortunes change in donor countries. As governments of these countries face fiscal crises and economic downturns, their citizens will correctly or incorrectly question the wisdom in supporting foreigners when there is greater need at home and agitate for change. A possible solution is to help citizens of developed countries understand how development assistance mutually benefits the citizens of Africa and those of the developed world. It may be necessary for African countries to intensify their efforts at educating citizens of developed countries on this issue. Of course, the best way to show the benefits of development assistance is for Africa to effectively use the assistance to develop and trade with the developed world on equal footing. The possibility of decreased donor support is another reason why resource mobilization in Africa should be taken seriously if NEPAD is to be successfully implemented.

Prior relationships

Member States, RECs, development partners and NGOs may have long-established relationships that predate NEPAD. These relationships serve the interests of the parties involved. It is possible that NEPAD priorities or policies may conflict with these relationships. For example, increasing regional trade may conflict with an agreement to protect the domestic market for a firm from a particular developed country. Given the direct benefits of such arrangements, a member country may be unwilling to break the arrangement in order to implement NEPAD programme. While these existing arrangements may help individual member States or RECs, they may pose impediments to the implementation of NEPAD.
and, possibly, the long-term development of Africa. Several of these prior relations, such as those between some European countries and their former colonies, or those based on common language or cultural affinity, abound in Africa and are likely to complicate the effective implementation of NEPAD.

Incentive mechanism

NEPAD is a voluntary process without an effective mechanism for enforcing its policies. The choice to implement NEPAD programmes is left to member States and RECs. There are costs and benefits to implementing NEPAD programmes, and there are incentives for governments in democracy, whose time-frame is short-run in nature, to implement policies that yield short-run and immediate benefits. However, the same governments may not want to implement policies with short-run costs, though with long-run benefits. Most of the benefits from NEPAD programmes are long-term and diffused, while the costs are immediate, tangible and concentrated. Countries and RECs may resort to “cherry-picking”, thus making it less effective than it can be. For example, governments may implement policies and programmes that will lead to an increased inflow of resources but not those that may impose short-run unemployment.

Institutionalizing NEPAD

NEPAD as a vision and programme was conceived by a group of African political leaders who are dedicated to seeing the vision and programmes through. These are the leaders who are at the forefront of the implementation process and as long as they remain in power, implementation of NEPAD is likely to be carried forward. There is, however, no guarantee that the NEPAD principles will continue to be accepted and implemented when these political leaders eventually exit the political scene. A challenge for the successful implementation of NEPAD is how to institutionalize NEPAD so that success does not depend on the willingness of a particular generation of political leadership to carry the “burden” of implementation.

Weak institutions

The centrepiece of NEPAD is accountability of leadership. It is impossible to achieve this with weak institutions. In most African countries, process-
es, rules, and regulations are complex, the judicial and law enforcement systems are weak, and government’s capacity to deliver public service is poor, such that people resort to illegal means to enforce a contract or obtain a license, for example. Institutional weaknesses can be seen at all levels of implementation--continental, regional, and national.

NEPAD is focused on improving and building institutions in four areas: institutions to promote political stability and manage conflicts; institutions for sound economic management; institutions for the rule of law and property rights; and institutions for social insurance. Through the continent-wide Peace and Security Council and other conflict-resolution institutions, it has done a good job in reducing political tensions that might lead to armed conflict. However, established institutions designed to resolve other forms of social conflicts that inevitably result from human interaction, (e.g. conflicts over property rights) are not as well developed.

3.3 Economic constraints

There are several economic constraints that may hinder the successful implementation of NEPAD. Among these are capacity and resource constraints, lack of participation by interested parties, and lack of appropriate infrastructure.

Capacity and resource constraints

One of the major reasons for the slow progress with implementation of NEPAD may be capacity constraints, including institutional, human, and financial. Institutional capacity constraints and financial resource constraints are intricately interwoven. Countries that have financial resources can purchase the capacity to formulate, implement and evaluate programmes. On the other hand, countries with the capacity to formulate, implement, and evaluate programmes find ways to finance these programmes. In Africa, capacity constraints and financial constraints mutually reinforce each other. These resource constraints plague the implementation of NEPAD at all levels---continental, subregional, and national.

At the continental level, there are capacity as well as financial resource constraints. The minimally staffed Secretariat is overwhelmed with the
day-to-day coordination of the many activities of NEPAD. Lack of financial resource constraints the Secretariat from expanding its staff and capacity. Several African countries have not adequately supported the Secretariat, leaving it to be supported by international organizations including the United Nations.

The situation is no better at the level of the RECs. Besides financial constraints, a major problem with the RECs is the capacity to conceive, design, implement, and evaluate projects because of the lack of the requisite skills as well as the political authority to move projects. As discussed above, there are many RECs operating in the same policy and geographical space and thus competing for resources from the same sources.

In addition to capacity constraints, it appears that there is little coordination among the various experts in the RECs, as indicated in the United Nations Joint Inspection Unit (JIU) report, entitled Further Measures to Strengthen UN Support to the New Partnership for Africa’s Development (NEPAD). The African Capacity Building Foundation (ACBF) has completed a study of the capacity needs of RECs and action is being taken to rectify these problems. The hope is that implementation will be accelerated and scaled up.

Another major challenge to the implementation of NEPAD emanates from capacity constraints at the national level. In almost all African countries, the capacity to conceptualize, develop and implement policies and to deliver public services remains weak. Institutions of governance are generally ineffective. The general perception of pervasive corruption in African countries is a manifestation of weak judicial systems in particular and of weak institutions generally. In addition to weak institutions, there is a dearth of skills to implement NEPAD principles. Although there are capacity constraints in all RECs, the degree differs across RECs. For example, with the help of development partners and the United Nations, ECOWAS has developed capacity in the areas of conflict resolution and peace-keeping.

NEPAD seems to be concerned with the capacity of the public sector to formulate and implement policies. However, capacity deficits in the private sector in African countries are just as serious, if not more so. Any discussion of capacity constraints in Africa should be broadened to include the capacity constraints in the private sector. Although capacity
constraints are a major bottleneck to Africa’s development, Africa could better utilize its existing human capital. Africa exports the little human capital it has to developed countries while it imports the same human capital from the developed world at a much higher cost. This suggests that internal labour markets are not functioning efficiently.

Financial resource constraints

NEPAD has been successful in getting its development partners to increase support to Africa. The World Bank, the G-8, EU and bilateral donors have all increased commitment of development assistance, including debt cancellation and ODA, to Africa. Under NEPAD, African countries have been successful in soliciting and receiving pledges of assistance from new sources, such as Brazil, China and India. However, this may not be enough to meet the needs of Africa, as both the Millennium Project and African Commission reports indicate.

As the United Nations Secretary-General’s 2006 “Second Report to the General Assembly on International Support to NEPAD” suggests, it is vital for donors to honour their increased commitment to Africa. It is equally important that this increased commitment lead to net financial flows to Africa, as a disproportionately large share of this new commitment is in the form of debt cancellation. Donors need to ensure that there are increased net inflows of development assistance to the continent to ensure the success of NEPAD.

A way to increase net flows of capital to Africa is through increased FDI and/or portfolio investment. Africa attracts a very small proportion of world FDI. According to the 2006 World Investment Report, Africa’s share of the world’s FDI to developing countries in 2005 was 3.5 per cent. Of this, well over 55 per cent went to five countries for resource extraction, which, at best, generates very little employment and very few spill-overs to the host economies. Africa needs to take steps to attract non-extractive, high-quality FDI.

Although NEPAD has done a good job in mobilizing external resources to support development, it has done remarkably little to mobilize domestic resources. While it envisions Africa’s development based on African resources and the resourcefulness of Africans, it appears that there is
Currently too much reliance on donor support for NEPAD to succeed; if the support is not forthcoming, programmes do not get implemented. All statements and actions of AU, member States, RECs, and the HSGIC seem to suggest that not much attention is being paid to domestic resource mobilization. While donor support is crucial for the success of NEPAD, sustainable development is only possible if domestic resource mobilization is taken seriously.

Besides the possibility that external resources will not always be available to support African development, there is a basic contradiction in insisting that NEPAD be African-owned and African-led, and insisting on a reliance on external resources to implement NEPAD. The NEPAD process should ensure that development in Africa is indeed based on *African resources and the resourcefulness of Africans*, instead of being propped up by development assistance.

**The role of the private sector**

Sustained development of Africa depends on provision of an enabling environment for expansion of the private sector. However, all policies and programmes seem to be developed with only macro-level actors in mind, without much attention paid to the operations of enterprises or sectors of the economy, especially those in the informal sector. There seems to be very little effort being expended on matching and blending the needs of enterprises in an economy into the macroeconomic framework. For example, when policymakers focus exclusively on achieving fiscal balance, they often ignore the consequences of increased taxation or public expenditure cutbacks on employment and output in various sectors of the economy.

Moreover, implementation of NEPAD policies and practices seems to be geared towards the formal sector to the detriment of informal sector operators. Such an approach ignores a very large share of African economies, a sector that is likely to generate most of the employment growth in Africa in the foreseeable future.

Even when attention is paid to sectors such as agriculture and the informal private sector, producers are not involved in the decision-making. Businesses see NEPAD as a government-imposed mandate rather than as a process that can benefit them. The over-emphasis on macroeconom-
ic stability at the expense of microeconomic focus is one of the reasons businesses know very little about NEPAD and this has impeded the translation of NEPAD principles into business practice. Private businesses are pivotal to the successful implementation of NEPAD. It will therefore be imperative to pay particular attention to getting consultative inputs from the private sector into decision-making outcomes. This issue has been emphasized by the United Nations in its report on the role the private sector can play in the implementation of NEPAD. The NEPAD framework should therefore provide a large operating space for the private sector and encourage its occupation.

Lack of infrastructure

One of the roadblocks to effective implementation of NEPAD is the lack of infrastructure of all kinds in Africa. Without an adequate road network, port facilities, electricity, telecommunications, water, and other infrastructural networks, investors are not likely to come to Africa. Most lacking are transport and telecommunications. For example, as much as 47 per cent of the road network of the Trans-African Highway System in West Africa is not connected and Africa accounted for less than 5 per cent of the world’s internet traffic in 2005 (ITU: 2006). Without adequate infrastructure, the costs of doing business, of human interaction, and of governance dramatically increase.

Furthermore, lack of infrastructure decreases the quality of life. As ARIA II (ECA: 2006a) and Limao and Venables (2001) indicate, lack of adequate infrastructure substantially increases the cost of trade; it costs four times as much to ship goods from East Africa to West Africa as it costs to ship the same goods from Japan to West Africa. Similarly, it costs three to four times as much to make a phone call from the United States of America to Africa, with poor-quality connection, as it costs to make such a call to Europe with high-quality connection.

Because of difficulties in human interaction and governance as a result of lack of infrastructure, it is easier for agents to engage in rent-seeking activities without risk of exposure, thus further slowing progress towards development. As the 2007 Economic Report of Africa and the content of box 3 indicate, infrastructure not only aids in development but also increases international, regional and intraregional (also see Francois,
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In addition, without infrastructure, people cannot take advantage of services such as education and health when they are available, thus making it difficult to improve the state of education and health, and to reduce poverty.

African countries, under the framework of NEPAD and partnership with AfDB and other development partners, are making major efforts to rectify the situation. Examples of infrastructure projects include power plants, road transport, water projects, railways and ports. The Sub-Saharan African Transport Programme (SSATP) targets the construction of transport infrastructure, harmonization of policies, and effective use of such infrastructure. It is hoped that the implementation of the SSATP Long-Term Development Plan will help ease some of these limitations.

Box 4: Road infrastructure and trade in Eastern Europe and Central Asia

What effect does road infrastructure have on development? Shepherd and Wilson (2006) investigate the effects of road transport improvements on trade in Eastern Europe and Central Asia. Using a gravity model and data from 27 countries, they find that improving the quality of the road network will increase intra-regional trade by 50 per cent. This far exceeds the trade-creation effects of eliminating all tariffs or the effects of any trade facilitation programme even after costs are factored out. They also find strong cross-country spill-over effects in road transportation: upgrading road quality in three countries—Albania, Hungary, and Romania—alone will increase intra-regional trade by 30 per cent in the entire region.

4. The Way Forward

This section summarizes the ideas discussed above and the suggestions for moving NEPAD towards achieving the four objectives of poverty eradication, sustained development, halting Africa’s marginalization, and empowering of women. The ideas are organized around these same four interrelated objectives. For example, poverty reduction implies economic growth and sustained socio-economic development, which in turn, partly reduces the marginalization of Africa. Concomitantly, there cannot be sustained development in Africa without gender equity and the empowerment of women.

A suggestion to achieve one objective may be equally applicable to achieving other objectives, so the categories provided here may be artificial. The suggestions highlighted are broad and are not detailed prescriptions. The points raised are meant for further discussions in a comprehensive report, and each country or REC will have to craft specific policies that will be relevant to its specific environment. Before introducing the proposals, the section discusses a few ideas on the structure of NEPAD itself.

4.1 NEPAD structures

Clarifying responsibilities and relationships

The relationship between NEPAD Secretariat, AU, RECs and member States is not well defined. In addition, the NEPAD Secretariat, although an AU product, operates as a separate and parallel organization, which often leads to confusion. It is important to clarify the relationships and responsibilities, and to delineate communication channels among the various entities-steering organs, implementing organs, and supporting organs. Current efforts to integrate NEPAD into AU are a welcome development but it must be made clear which part of NEPAD will be integrated into AU and how this will affect its functioning and effectiveness.

It makes sense to integrate the vision, goal setting, external resource mobilization, and coordination roles of NEPAD into AU while leaving the other roles to the RECs and individual countries. The philosophy, and
the convening and agenda-setting functions will be more effective under AU auspices and mandate because it provides a continent-wide common framework and has captured the current and emerging priority concerns of Africa’s leadership or member states and RECs, allowing common goals and continent-wide standards to be set. The handling of resource mobilization by the AU could lead to scale and scope economies and better coordination with and among development partners.

Narrowing the scope of activities and streamlining processes

It is argued that NEPAD covers too many things at the same time, requiring large inputs of resources, especially capacity---resources that Africa seriously lacks. Moreover, this effort on all fronts requires Africa to spread its limited capacity too thinly. Given the imbalance between the desire and the ability to deliver, it is suggested that NEPAD pare down to a few priority areas that can be effectively and efficiently implemented. Focusing on taking small steps that pay big dividends should be the guiding principles in crafting policies and programmes.

A natural starting-point may include peace and security, good governance (including the APRM process), regional infrastructure, and resource mobilization. Other aspects could initially be left to member States and RECs. This strategy ensures that a few priority areas are successfully implemented and allows for further capacity and confidence building to tackle more complex processes.

Although flexibility in tailoring policies and programmes to suit the needs of member States is important and desirable, NEPAD processes should be streamlined so that all countries similarly interpret programmes and processes. For example, the national governing structures of the APRM process are left to the individual countries to determine, with some countries choosing to use political control structures while others use non-governmental bodies to oversee the process. Lack of uniformity in such situations could weaken the implementation as well as the outcomes of the process. There should be standardized guidelines for all NEPAD processes that are applicable to all countries.
Relationship between NEPAD and the other organizations

The relationship between NEPAD, AU, member States and RECs, and the responsibility of each, must be clearly spelt out. Fortunately, efforts to clarify the relationship between the NEPAD programme, the NEPAD Secretariat and AU are under way. AU is attempting to bring NEPAD under its umbrella. This process should include how to resolve the conflicts among the objectives of RECs, individual countries and NEPAD objectives, should they arise. In the same way, it is necessary to implement the recommendations of the UN’s JIU report fully, on how the UN system, especially UN agencies and organizations working in Africa, should work with NEPAD.

More inclusive and transparent decision-making

If the priorities of NEPAD are to be effective and successfully implemented, the decision-making related to it needs to be more inclusive and transparent. Currently, NEPAD business is mostly done within the Secretariat, the HSGIC, and the Steering Committee. The General Assembly, RECs, member States and the public have little input in the initial stages of decision-making. NEPAD should expand its decision-making processes to include inputs from at least the Permanent Representatives’ Council (PRC), the Executive Council, representatives from the RECs, member States, and the private sector. Major policy issues should be debated in the General Assembly before final decisions are made. Additionally, the HSGIC must be expanded and made more representative. The proposal to expand its size to 25 and include more non-permanent members is therefore a move in the right direction.

Strengthening the RECs and the NEPAD Secretariat

The NEPAD Secretariat is spread too thin to be able to do what it is supposed to do effectively. It is therefore important to substantially increase the managerial, technical and support staff of the Secretariat. In the same way, the technical and support staff, and indeed the general capacity of the RECs, should be increased since they are at the centre of implementation. A suggestion is to set up technical project implementation teams that could be called upon by any of the RECs when needed.

Moreover, the political power of the RECs needs to be increased by strengthening the technical capacity of the regional parliaments. For ex-
ample, technical support for the budget and finance committees can be strengthened with professional staff. The NEPAD Secretariat should consider asking development partners and African countries for special support to the RECs. Alternatively, a small “administrative fee” could be added to regional projects to support capacity development of the RECs. In addition, RECs should be included in decision-making at the highest level. Representation of RECs on at least the Steering Committee is necessary.

Strengthening the capabilities of RECs

As discussed earlier, regional integration has been slow for a number of reasons. These factors limit the effectiveness of some RECs and hence slow the process of integration. They include:

- Overlapping integration arrangements competing for the same geographical and functional space;
- Lack of physical and infrastructural integration;
- High non-tariff barriers (NTBs);
- Various external ties with competing priorities that may be different from those of NEPAD and the RECs;
- Lack of political will and support; and
- Resource and capacity constraints.

As ARIA II makes clear, regional integration could be speeded up and made more efficient through the rationalization of the current system so that only one REC serves each NEPAD region. It would appear that the most efficient and relatively painless way of rationalizing the current patchwork of RECs is through mergers and absorption, a process by which existing RECs in a subregion will voluntarily merge to form one REC. This process would allow the merger of the most efficient parts of existing RECs without starting all over again, as the new emergent REC would benefit from the prior experiences of the RECs being merged. Where mergers are not politically feasible, RECs operating in the subregion should cooperate and harmonize their activities in order to improve efficiency and reduce duplication.

A second area of concern that needs to be tackled is for donors to harmonize their support for the RECs so they do not work at cross purposes. Since there would be one REC in each of the five subregions, competition...
among RECs for resources from the same donor would be less likely to arise, although the competition among donors to support their interests would not necessarily end. The NEPAD Secretariat as an organization should therefore convince donors that it is more efficient to support the priorities of the streamlined and rationalized RECs than to compete among themselves in a bid to promote their individual priorities.

If integration is to be successful, Africa has to be physically integrated. At the minimum, each country should complete its part of the Trans-African Highway System and make sure there is information technology (IT) connectivity in all African countries. One of the reasons for low intra- and inter-regional trade in Africa is the prevalence of high NTBs, especially the length of time it takes to clear customs at borders, and the rent-seeking activities. RECs should harmonize custom procedures among member States and reduce rent-seeking activities on highways and at customs offices. For example, countries could ban the erection of police barriers that are regular features on African highways, as a way of reducing the cost of transportation. Countries could be paid a bonus if port transit is less than a set minimum time, and the size of the bonus could be inversely related to the turnaround time, as incentives to improve integration.

To minimize political opposition to integration from possible losers, the RECs should set up a common fund from which they could compensate the losers (UEMOA could serve as an example). The fund can be financed from sales tax, import duties, or income tax from increased economic activities. These same sources could also be used to finance other costs of integration.

Integration is not likely to be effective without resource mobility. To increase factor mobility, RECs should adopt and implement protocols to allow the right to work, in addition to the free movement of people. A common work permit or a common ID card could be issued for work purposes. In addition, there should also be free mobility of capital and other resources. A possible entry point for is joint funding of scientific research by research teams from two or more countries in a REC. This is structurally easy to implement since the researchers are bound by a common research interest. Such collaboration would serve as an example of what can be achieved with regional cooperation.
Coordination

Whether NEPAD succeeds or fails will partly depend on the ability to coordinate effectively the various components and activities of NEPAD and the participants in the process, including development partners. The coordination problem is magnified if one considers all NEPAD activities at the continental, subregional and country levels. The coordinating activities, capacity, and staff at the Secretariat should be adequately expanded. The Secretariat’s role should probably be strictly limited to that of coordination, by the support staff at the RECs.

Benchmark setting

An important part of any implementation strategy is monitoring and evaluation. This should be based on specific benchmarks tied to desired outcomes. For example, the goal of universal primary education should be measured by the proportion of children of primary school age attending school or having attended school, rather than by the number of schools built. The NEPAD Secretariat should design an evaluation instrument based on measurable outcomes with benchmarks related to the objectives of NEPAD. It is important to set timelines to achieve specific benchmarks; such timelines could coincide with those of the MDGs but the guidepost could be at shorter intervals. Outcome-based standards force governments to strive for efficiency since they will not be judged on how many inputs they bring in but on the outputs of the process. To ensure accountability, publishing the results of each country’s outcomes would be a good idea.

Performance incentives

Member States should be given incentives for good performance in implementing NEPAD without cherry-picking programmes. A reward system could be established to recognize governments/countries for outstanding performance in implementing NEPAD principles and punish systematic violators by public blaming. Another way to reward good performance is to help mobilize external financial and technical assistance for the implementation of programmes and to withhold such assistance from those who systematically violate NEPAD principles. This could also be a part of the solution to the problem of political will to implement NEPAD. The funds for such rewards could be financed with taxes generated from in-
creased economic activity. If such a scheme is to be implemented, it would imply that NEPAD might have to limit itself to policy-setting and resource mobilization rather than drawing up specific programmes and projects.

African ownership

African ownership of NEPAD will only be possible if Africans feel that they are a part of it. The NEPAD Secretariat as well as implementing organs therefore do a better job of explaining its objectives and functions and selling NEPAD to Africans. It needs to ensure that the average African knows of NEPAD and feels involved in the process. This can partly be done through public consultations for broader participation and for transparency in decision-making. It is not sufficient for the architects of NEPAD to ask Africans to support NEPAD; Africans must feel that they are part of the decision-making process and see direct benefits for themselves and their countries.

The role of the media

The media is critical in transmitting information and selling NEPAD to ordinary Africans to engage their support and participation. Part of the reason Africans do not understand NEPAD is that the Secretariat and leaders have not adequately and effectively engaged the African media. A way to rectify this situation is for the NEPAD Secretariat to organize and hold regular seminars and briefings for African and international media to explain the objectives, structure, and processes of NEPAD, success stories, constraints, and how the African public can participate. The Chairperson of HSGIC should hold at least one press conference annually to highlight the activities of NEPAD and highlight new developments. NEPAD focal point persons in countries and at RECs should similarly have regular interactions with the media in their areas of operation. Of course, holding a press conference just for the sake of having a press conference is not enough; substantive issues must be discussed at these press conferences.

In addition, NEPAD regional officers could hold seminars for the general public in order to explain the process to them. It is important that these interactions with the media and the public highlight NEPAD’s achievements. Member States should also introduce NEPAD in their school curricula.
Private sector and other stakeholder participation

The NEPAD Secretariat has made some progress in forging relations with the private sector but a great deal remains to be done if the private sector is to play a leading role in implanting NEPAD principles in Africa and in their business activities. It would appear that NEPAD is focusing on large foreign-owned, formal private-sector enterprises in Africa. Very few African countries have the large number of formal-sector corporate entities that NEPAD is currently courting. Domestic private enterprise and other stakeholders, such as civil society and NGOs are more likely to implement and sustain NEPAD.

Furthermore, given that private sector enterprises in Africa are made of small- and medium-size informal-sector enterprises that are largely unorganized, the “Chamber of Commerce” approach to dealing only with the formal private sector will not be successful. A more innovative way to bring in small- and medium-sized enterprises and informal-sector enterprises would be appropriate. This may involve creating space for the private sector in decision-making at all levels as well as providing an environment that is friendly to business, both formal and informal, small, medium or large.

The quality of interaction between NEPAD and local African enterprises is in need of modification. At the continental level, the interaction comes at the end of the decision-making process instead of at the beginning. The private sector is invited to adopt NEPAD after the principles and processes have been developed, without their input. It would be more effective if the private sector representatives were involved in the formulation of policies and ideas from the beginning. This way the private sector not only has a sense of ownership but is also able to bring practical ideas to the table and advice on issues that are likely to arise when putting these policies and plans into operation on the ground. These issues could then be addressed at the policy-formulation stage rather than at the implementation stage. There are hopeful signs that at the national level, the private sector is being engaged in the decision-making process in countries such as Ghana, Nigeria and South Africa.

Private sector and other stakeholder representation on the highest policy-making bodies such as the NEPAD Steering Committee and similar
bodies in the RECs should be considered an important priority. This will allow them to bring their concerns to the decision-making stage and make inputs into what may or may not work. NEPAD, as currently set up, is too politically driven, reflecting the priorities of the political leadership rather than reflecting the interests of the private sector and the general public.

An important area that needs to be explored and expanded is public-private partnership to jointly develop, fund, and run development projects, especially large infrastructure projects such as power, ports, railways and communications. The COMTEL ICT project in COMESA is a good example. More such partnerships should be explored.

4.2 Poverty Eradication

The first objective of NEPAD is to reduce poverty in Africa by half by 2015. There is no magic formula provided to lead to achievement of this first MDG; several country and subregion specific strategies have to be combined to achieve that objective. Any poverty reduction strategy in Africa must involve:

- Rapid economic growth with higher employment creation and multiplier effects than has so far been achieved;
- Equitable distribution of income and the benefits of growth;
- Serious attention to employment generation and increased productivity in the traditional agricultural and informal sectors; and
- Special attention to the eradication of poverty among women.

NEPAD recognizes the critical role economic growth plays in poverty eradication; more people can benefit from a growing pie. For this reason, it set a 7 per cent minimum target growth rate as necessary for meeting the first MDG. Even if most African countries meet the 7 per cent growth target, this is still not sufficient to decrease poverty; it is how the economic growth is achieved and distributed that determines its poverty reduction effect. To reduce poverty, economic growth must be pro-poor. Any pro-poor growth strategy must create employment with “living wages” for the workers, and must supply the goods consumed by the poor at reasonable cost.
To create employment and increase income for a large number of the poor, NEPAD implementing organs should, in addition to other strategies, focus on increasing productivity in the small-scale traditional agricultural sector and in the informal sector. For the traditional agricultural sector, increasing productivity will entail provision of improved seedlings, extension services and supplies of other inputs, micro-credit, effective storage and marketing of agricultural products, and improvement of rural infrastructure.

For the informal sector, increasing employment and productivity involves skills training, fostering entrepreneurial skills and providing micro-financing. Special attention should be paid to targeting women in these efforts, since they constitute the majority of the poor. These activities have to be combined with the provision of public services such as health and education to the poor.

**Box 5: Reducing poverty with redistribution and growth**

In an attempt to answer the question of whether Africa can cut poverty in half by 2015, Bigsten and Shemeles conducted simulations of different scenarios to achieve the first MDG by the 2015 target date. Under the first scenario, income distribution remains as currently distributed and they calculate the growth in per capita consumption necessary to achieve MDG1 while the alternative scenario holds growth constant and asks what distributional changes are needed to meet MDG1. Their simulations suggest that if economic growth is combined with equitable distribution of income, the required growth rate to achieve MDG1 is not as high as when growth is distribution neutral. The simulations show that redistribution with growth is one of the best strategies towards achieving MDG1 in African countries.


**4.3 Putting Africa on a Sustainable Development Path**

Putting Africa on a path to sustainable development involves several things, including capacity development for policy formulation and im-
plementation, economic and social management, increased international trade, and increased provision of productive resources.

Capacity and institutions

A major problem facing the successful implementation of NEPAD is severe institutional and capacity constraints. These constraints have to be addressed for NEPAD to be successful. Although the capacity constraints faced cannot be solved all at once in the short run, several actions need to be undertaken simultaneously to remedy the needs.

Institution building

Perhaps the most important institutional weakness in Africa is the inability to deliver public services particularly law and order, property rights protection, and contract enforcement. One manifestation of this weakness is pervasive corruption.

Reducing corruption: To reduce corruption, African countries could try a few options:

- Simplify and standardize processes and procedures and reduce the discretion of agents. Find ways to provide incentives for countries and organizations to espouse “good” behaviour;
- Increase transparency by publishing budgets, rules and regulations and the rights of the citizen-consumer. Outside of national security, publish all public (government) information, including revenues and expenditures, or make it available on-line.
- Pass and rigorously enforce freedom-of-information legislation in all countries;
- Increase the use of the jury system to reduce the caseload of judges, and to get citizens to better understand legal processes;
- Empower ordinary citizens to take action by introducing effective “whistle-blower” laws with appropriate incentives; and
- Hold executive and legislative leaders accountable with the establishment and funding of independent investigative agencies with prosecutorial powers similar to the United States General Accountability Office (GAO).
Strengthen regional parliaments: Regional parliaments are critical for the success of NEPAD programmes and projects that cut across countries, such as regional infrastructural projects. It is therefore necessary to strengthen the technical skills and competencies of the personnel of these bodies. The quality of their work would likely help to overcome the objections of individual governments to regional programmes. Finally, the NEPAD Secretariat and the RECs should clearly define the mandates of these legislative bodies relative to those of the countries in the subregion.

Capacity building

Skilled personnel: Together with ACBF, NEPAD steering and implementing organs should find a way to fill the capacity gap in Africa. One way is to work out a technical assistance framework with development partners, consisting of skills-specific teams assigned to NEPAD, which would allocate the teams either to RECs or to individual countries, depending on the needs and types of skills-sets available. These teams should include Africans, thus increasing the supply of experienced Africans who can conceive, formulate, and implement policies.

Employment opportunities and competitive wages: A way to gainfully employ skilled Africans in Africa in order to prevent them from emigrating should be found. Perhaps an agreement with donors to fund this domestic “technical assistance” programme should be part of any development assistance that Africa receives from its development partners. An alternative way to increase the supply of skills is to include Africans on any technical advisory team that donors send to Africa.

Labour market reforms: African countries may have to pay skilled labour (whether African or expatriate) the international market wage in order to attract and retain them. The NEPAD framework should incorporate labour market reforms to allow differential wage payments for scarce and much needed skills. It is important to recognize that African countries compete in a global market for skills, no matter the source of these skills. A shortage of skilled labour in Africa may suggest that the wages being offered by African employers are far from competitive and help to fuel brain drain and loss of skills.
Free mobility of skilled workers: African countries should allow free migration of skilled Africans to all parts of African countries. That way, the skills pool is not lost to Africa even though it may be lost to a particular African country. This will also reduce the emigration of Africans to the industrialized developed world. A similar arrangement is in place in the Caribbean and this has stemmed the flow of skilled workers from that part of the world to the United States of America. This policy in support of skilled workers will imply re-examining the immigration policies of individual member States.

Skills pools: Another way to deal with capacity limitations is to pool skilled personnel across countries in a region or on the continent. For example, a pool of engineers from Burkina Faso, Cote d’Ivoire, Ghana and Nigeria could be formed to work on projects in any of the ECOWAS countries. In the same way, a team of economists from SADC countries could evaluate development projects (programmes) in Botswana, Lesotho, Namibia or South Africa. That way, Africa shares its skilled personnel among all countries.

Diaspora skills: In addition to retaining skilled personnel, African countries should make concerted efforts to attract skilled Africans in the Diaspora to come back to Africa through appropriate incentives. These emigrants are not only some of the most productive and ambitious, they may have also learnt some valuable skills and worked under different structures and may bring new ideas to the African work environment.

Training skilled personnel: The long-run solution to increasing and upgrading capacity is to train the skilled people required and also provide opportunity and incentives to learn on the job. Policymaking and implementation are learnt on the job not in the classroom. It is therefore necessary that Africans make the decisions and take responsibility for those decisions. Even though inexperienced policymakers may make mistakes, it is the only way to develop capacity to formulate and implement policies. NEPAD should be true to its words that African development be based on African resources and the resourcefulness of Africans.

Human development

Educational reforms: NEPAD recognizes the need to improve education in Africa by increasing access and increasing the quality of instruction,
especially in the sciences. This will require, among other things, qualified teachers at all levels of education. The Distance Education and Teacher Training Programme is a very welcome development and should be expanded to train more teachers. In addition to training teachers, it is extremely important that NEPAD make sure that African schools have complementary inputs such as books, libraries, IT access, and science laboratories in order to improve the quality of learning. There is evidence to show that small investments in such complementary inputs result in large gains in educational achievements. Education should centre on problem-solving and place a serious emphasis on developing research and encouraging innovation.

**Box 6. Textbooks and test scores in Kenya**

A World Bank Project in Kenya examined the impact of textbooks availability on student performance. One hundred schools were selected to receive official government textbooks published by the Kenya Institute of Education. In February 1996, English textbooks were delivered to students in grades 3-7, mathematics textbooks were provided for students in grades 3, 5, and 7, and science textbooks were provided for students in grade 8. In January 1997, mathematics textbooks were provided for grades 4 and 6 students and agriculture textbooks were given to grade 8 students.

Evaluation of the programme showed that this project:

- Reduced absenteeism by 27 per cent;
- Increased test scores by 0.2 standard deviations for students in the top quintile of test performance, and by 0.14 standard deviations for students in the second quintile;
- Improved grade eight mathematics and science scores by 0.35 and 0.29 standard deviations respectively; and
- Raised the likelihood that an eight-grader would continue to secondary school by 14 per cent.


*Linking education curricula to the labour market:* The educational system in most African countries is characterized by a mismatch between labour needs and educational output; the educational system produces gradu-
ates that the economy does not need, while employers look for skills (e.g. technical and engineering) that the educational system does not produce. The private sector should be able to indicate what skills-set it needs in the labour force and the educational institutions should train people in those skills-sets. Addressing the capacity needs of Africa requires co-operation among governments, educational institutions and employers.

Training and use of researchers: It is significant that the NEPAD Secretariat in collaboration with implementing bodies has set up African centres of excellence in four sub-regions of Africa. In addition to these centres of excellence, it may be necessary to encourage institutions of higher learning in Africa, in possible collaboration with other researchers elsewhere, to conduct research on African problems. NEPAD organs should be serious about funding scientific and technical research in African universities. Two outcomes of this change in emphasis is that African intellectuals would be encouraged to apply themselves to help in finding African solutions to Africa’s problems and this research emphasis would train a new generation of researchers to help wean Africa off its reliance on expatriates to solve its scientific and technical problems. Finally, the NEPAD Secretariat should seriously consider setting up and funding an African Science Foundation to encourage research and increase the supply of scientists.

Health

Health is both a product of and an input into the development process. Africa should therefore develop a health policy that improves the overall health care of the population, both curative and preventative. It appears that Africa’s health care policies focus on curing diseases rather than on preventing diseases and keeping people healthy. New and better health care programmes should be designed and implemented with these elements in mind.

Health care policy: Elements of a new and better health care policy for Africa should at least have the following elements:

- Health care policy, especially HIV/AIDS policy, should be based on the latest scientific knowledge rather than on politics, such as an African President’s claim of being able to cure AIDS;
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- Emphasize preventive medicine rather than curative medicine with particular emphasis on childhood immunization;
- Environmental health and pollution control. There should be a serious effort at controlling emissions from automobiles, underground and surface water pollution, and effluence. This means attention should be paid to protecting the sources of drinking water; and
- Physical fitness and nutrition.

**Health care professionals:** The industrialized world recruits health care professionals away from Africa. For example, the United Kingdom recruits nurses from African countries in spite of the dire shortages of such personnel in those countries. African countries must find a way to pay competitive wages for these health care professionals, in order to encourage them to stay in Africa. Perhaps, NEPAD organs and member States should work out some arrangements with the developed world for the latter to help pay for increased compensation for health care workers who choose to stay in Africa. Additionally, the developed world should pay a tax to African countries for every African health care professional it recruits from Africa. The revenue would be partly used to train and/or recruit more health care professionals for Africa.

**Resource mobilization**

*The role of the United Nations:* The United Nations system should also increase its support and cooperation with NEPAD organs to make NEPAD a success. Probably the most important role the United Nations can play in terms of resource mobilization in support of NEPAD is to continue to champion the cause of NEPAD and Africa. African countries should continue to seek increased support from countries that have traditionally not provided development assistance, such as Brazil, China, India, and Korea. Besides providing financial resources, these countries could also provide Africa with access to appropriate technology and skills as well as open up their markets to African exports.

**External resources**

*Official development assistance:* It is in the interests of Africa and the developed world that the latter increases its support to develop Africa. NEPAD has received increased pledges of support from its development
partners in recent years. However, both the *African Commission Report* and the *Millennium Project Report* indicate that the increased ODA commitments are substantially less than what is needed to meet the MDGs. Africa’s development partners need to further increase their commitments up to the 0.7 per cent of their GDPs as envisaged in the Monterey Declaration. They should honour their commitments and deliver this support in a timely manner so that Africa can effectively plan and implement policies likely to improve the living standards of its citizens.

*Aid effectiveness:* Besides increased aid, Africa needs to increase the *effectiveness* of aid. Increased aid harmonization among donors and African countries, monitoring the implementation of projects, flexibility in aid use, and increasing the capacity-building component of aid will be needed. The effectiveness of aid will be enhanced if the continued inflow of aid is conditioned on the achievement of measurable outcomes. Simply put, more aid should be given to countries that show that they can *effectively use* aid. In addition, NEPAD member States and partners should work together to better target the use of ODA.

NEPAD implementing bodies should ensure increased transparency of resource use and outcomes, and increase accountability in the use of aid. Both recipients and donors should publish the allocation of development assistance to countries, projects, and the outcomes flowing from such support. In addition, they should develop and implement criteria for monitoring and evaluation of aid effectiveness for African countries and RECs. Aid effectiveness monitoring should then be institutionalized and the results published annually. A ranking system could also be put in place to encourage a ‘race to the top’.

The effectiveness of aid to Africa needs to be demonstrated to the world in order to bolster the case for continued aid to the continent. There is currently disagreement in the development community as to the effectiveness of aid in reducing poverty. Perhaps the NEPAD process could positively contribute to the debate through case studies of successful programmes, better panel and longitudinal studies of aid effectiveness using African data, and publishing success stories. It may also be helpful for member States and RECs to share good practices of programme implementation as a way to show improved aid effectiveness.
Foreign direct investment: Increasing FDI inflows involves improving infrastructure, implementing and enforcing business-friendly policies, improving the quality of the labour force, and reducing corruption and bureaucratic red tape in business dealings. In the worldwide competition for FDI, where capital has so many geographical options, foreign capital inflows are constrained by poor infrastructure. This is one of the reasons why development of regional infrastructure such as the East African Submarine System (EASSy) and a system of regional road and rail networks is so important for the success of NEPAD. NEPAD supporting organs should endeavour to attract private sector participation in the provision of infrastructure, especially in the power, transport, and telecommunications sectors.

Member States need to implement business-friendly policies, including private property protection laws, effective and quick enforcement of contracts and avoidance of political interference in business decisions and practices. It is not sufficient to pass business-friendly laws; these laws must be effectively enforced in a transparent and impartial way. Every part of the world is improving its investment climate in order to attract FDI. Improving the investment climate in Africa is therefore not enough to attract increased FDI; Africa must provide an investment climate better than in other parts of the world in order to be able to attract increased FDI.

Finally, member States under the NEPAD structure must reduce corruption and bureaucratic red tape in order to attract significant amounts of non-extractive FDI. There is anecdotal evidence that some progress is being made in this regard under the APRM. Member States should also aim to cut the time it takes to start a business to no more than 30 days. One way to reduce this process is to establish “one-stop centres” run by inter-agency staff teams. Furthermore, the process of securing business permits should be made public and transparent with mechanisms put in place to address grievances.

Domestic resource mobilization: No matter how much ODA African countries receive, development is not likely to be sustained without mobilizing resources in Africa. There is no guarantee that external resources will always flow to Africa in the quantities and forms needed at the appropriate time. Even if foreign resources will continue to flow to Africa,
domestic resource mobilization will complement external resources to speed up the development process.

There is no evidence that private sector savings in Africa are low because of low incomes. What is clear is that savings in African households are in the forms of jewellery, gold dust, small animals, cash, and expensive clothing, which are not easily available to finance development. A way to increase domestic resource mobilization for African development is to re-organize the financial sector so as to provide incentives for households to transform their savings into forms that will be useful for development purposes. Another strategy may be to revamp post office savings banks and/or rural mobile banks to mobilize savings among the rural people and to bring banking services to these people in order to allow them to have access to bank savings and financing for business projects.

Member States should establish and enforce better and stronger financial sector rules as well as better enforcement of existing banking laws in order to encourage Africans to save in their own countries rather than abroad. For example, there are a lot of cases in which confidentiality laws are breached with impunity by banking officials. African countries should also find ways to channel institutional savings, such as pension and insurance trust funds, to finance development.

**Box 7. African Gender and Development Index (AGDI)**

To help monitor progress towards gender equity in Africa, the African Centre for Gender and Social Development (ACGS) of ECA has developed the African Gender and Development Index (AGDI). The AGDI is designed to measure the gap between the status of men and those of women in order to assess the progress made towards gender equity. The AGDI is a composite index constructed from two indices—the quantitative Gender Status Index (GSI) and the qualitative African Women’s Progress Scorecard (AWPS). The quantitative GSI has 42 components while the AWPS is a simple scorecard of how far African countries have achieved what they agreed to do in order to achieve gender equality.

AGDI has been piloted in 12 African countries—Benin, Burkina Faso, Cameroon, Egypt, Ethiopia, Ghana, Madagascar, Mozambique, South Africa, Tanzania, Tunisia, and Uganda. There are plans to extend the compilation of the index to all African countries and the results published regularly. The ACGS is
African countries should pay particular attention to the development of micro-financing. The amounts required to start such schemes are small, institutional arrangements and overhead costs are low, and micro-financing schemes have the potential to reach a large number of participants. Already, there are informal credit and savings associations, such as the “susu” system in Ghana and the “mzunguko” in Kenya that could form the basis of micro-financing schemes in African countries. Such schemes allow poor people in the informal sector, mostly women, to have access to financing. Thus, micro financing has the potential to decrease poverty as well as empower women, helping to achieve two of the prime objectives of NEPAD. This is an example of small steps that pay big dividends.

Remittances and Diaspora savings: The World Bank reports that total remittances from the African Diaspora to their home countries exceeded $121 billion in 2006, more than all the ODA combined. Most of these remittances are spent on conspicuous consumption---expensive automobiles, expensive funeral celebrations, and mansions that are never inhabited. African countries could offer incentives with appropriate financial instruments to divert this inflow of remittances finance towards financing development. Similarly, African countries can provide incentives to attract savings from their Diaspora for development purposes.

4.4 Halting the marginalization of Africa

To a large extent, halting Africa’s marginalization in the world depends on how successful NEPAD is in achieving the other three goals. Halting the marginalization of Africa will be achieved if Africa can substantially reduce poverty, increase economic growth and employment for Africans, prevent conflicts, espouse democratic and clean governance while protecting the human and civil rights of its citizens, and participating in the world econo-
my as an important player. While these are measures that should be done in individual African countries, there is much to be done within the NEPAD framework to bolster a positive image of Africa in the world.

Besides improving Africa’s socio-economic development, the NEPAD Secretariat has to engage in a public-relations campaign on behalf of Africa. Only catastrophes, civil wars, poverty and hunger are reported about Africa in the industrialized world. The NEPAD Secretariat has to cultivate the world media and feed it positive news about Africa. Africa’s legendary and cultured hospitality is a selling point. The stories about economic performance in Botswana and Mauritius and successful democratic transitions in Ghana, Kenya and Mali need to be told to the world. The multi-racial democracy that is developing in South Africa is an outstanding achievement in a short space of time. The natural beauty of the continent is uniquely breathtaking. These are all stories that need to be told and unless Africans constantly feed these stories to the world press, they will not be told. A few well-placed positive stories about Africa in the world press will begin to change perceptions about Africa.

In addition to public relations, lobbying efforts in the major capitals of the world will also be helpful. NEPAD Heads of States have done a good job of lobbying for Africa at the United Nations. Lobbying efforts in Washington, London, Paris, Berlin, and Moscow is very useful, not only for resources but also to put in a good word for African countries. Africa can use the visit of big celebrities, such as Presidents and former Presidents, as backdrops to publicize Africa. An effective public relations department in the Secretariat should be established to tell a positive African story to the world. If Africa allows others to tell its story, they will tell it from their particular lens of bias; Africa needs to tell its story and not let others define Africa.

Another way to minimize the negative stories about Africa is to work, within the NEPAD framework, towards reducing some negative occurrences, such as international drug trafficking, child slavery, and gender inequity. Africans may not be able to solve these problems by themselves but member States under the NEPAD umbrella could cooperate with each other and with the international community to curb such practices.
4.5 Gender Equity and the Empowerment of Women

All African governments have, on paper, committed themselves to gender equity and women’s empowerment. There has been progress in highlighting gender equity in Africa, resulting in laws to empower women and ensure gender equity. However, these laws are rarely enforced.

4.5.1 Gender-sensitive evaluation

To ensure gender equity, member States must aggressively enforce laws that protect the rights of women. There should be a ranking of member states on their performance on gender equity and the results of this ranking published at regular intervals. In this regard, funding for the African Gender and Development Index (AGDI) should be sought so that it can cover all African countries. In addition, all government programmes should use gender equity impact as an evaluation criterion. Finally, member States should broaden the scope of gender equity in education to embrace opportunities for women in all walks of life. Young African women need role models just as much as their male counterparts do.

4.5.2 Gender-equality in education

Some of the obstacles to achieving gender equity in Africa have to do with traditional practices that, in some cases, accept lesser roles for women in society. These practices have to be eliminated or decreased through education. The African press should be aggressively used to educate people (both men and women) to realize that gender equity is necessary for sustainable development. Sustained development in a society is not possible when 50 per cent of the population are deprived of the opportunity to fully participate in the process. Education of men should focus on the idea that gender equity is not a “zero-sum game” but a process that increases the pie, so that both sides benefit from this change.

4.5.3 Enforcement of gender-equity laws

To accelerate the progress towards achieving gender equity, the NEPAD framework should include an aggressive programme of equal opportunities for females in all its programmes and set specific benchmarks to be achieved by specific dates. For example, a minimum percentage
of women could be established in a cabinet or in higher administration by specific dates. Countries and organizations will then be evaluated on this gender dimension (among others) in their progress towards the NEPAD goals. Rwanda has demonstrated that this is possible by leading the world in creating parity in gender representation in parliament. Establishing **effective and credible** departments of gender equity in all countries and continental bodies may be a good idea.
Notes

2. Details of NEPAD’s achievements contained in United Nations (2006a). I only provide a brief summary of the progress here.
3. Countries that have acceded to the APRM by signing MOUs are: Algeria, Angola, Benin, Burkina Faso, Cameroon, Congo Republic, Egypt, Ethiopia, Gabon, Ghana, Kenya, Lesotho, Malawi, Mali, Mauritius, Mozambique, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, South Africa, Sudan, Uganda, Tanzania, and Zambia. Djibouti has requested accession to the APRM.
5. See *ARIA II*. The RECs are: the Economic Community of West African States (ECOWAS), the West African Economic and Monetary Union (UEMOA), the Manu River Union (MRU) and the Community of Sahelo-Saharan States (CEN-SAD) in West Africa; the Economic Community of Central African States (ECAS), the Central African Monetary and Economic Community (CEMAC), and the Economic Community of the Great Lakes Countries (CEPGL) in Central Africa; the Southern African Development Community (SADC); the Southern African Customs Union (SACU); the Common Market for Eastern and Southern Africa (COMESA); and the Indian Ocean Commission (IOC) in Southern Africa; the East African Community (EAC) and Intergovernmental Authority on Development (IGAD) in East Africa; and the Arab Maghreb Union (UMA) in North Africa.
8. See *World Development Indicators, 2006*, World Bank, Washington DC.
10. If university professors in Africa are not required to conduct research and publish as a condition for keeping their jobs, their contracts should be renegotiated to include this requirement. Universities are not only the disseminators of knowledge; they are also the creators of knowledge.
11. Both reports suggest that additional ODA must increase by at least 50 per cent compared to current levels if the challenge of development in Africa is to be seriously addressed.
16. See for example, William Easterly, “Africa’s Poverty Trap” *Wall Street Jour-
Killick and Foster (2007) discuss the absorptive capacities of countries and argue that some countries are not even able to utilize current levels of aid.

17. These figures were calculated from the Development Assistance Committee (DAC), Development Assistance Statistics, 2006, On-Line version at http://www.oecd.org/dac/stats/online.
18. The five countries are: Egypt, Morocco, Nigeria, South Africa and Sudan.
20. The Conservative Movement in the United States of America has reducing foreign aid as one of its main agenda.
23. A World Bank study suggests that it takes a longer time to establish a business in Africa than in any region of the world. Of course, this increases the cost of doing business in Africa. This long time is the result of too many controls which in turn provide opportunities for bureaucratic corruption, thus further increasing the cost of doing business in Africa.

References


References


