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The New Partnership for Africa's Development (NEPAD): a brief overview

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May 2002

NEPAD is an attempt by African leaders to promote collective action by African states within a coherent framework to address the continent's lack of development. It is intended both to respond to global systemic risks originating from Africa, and to establish conditions for the continent's increased integration with global markets. NEPAD is inevitably a broad-ranging programme, but its essential focus is to overcome the problems of weak and incapable states. For development to take place, states must create a political consensus supporting economic growth and poverty reduction, (re-) build institutions, and establish a stable environment for the economic activity of firms and households. In Africa, individual states have been unable to achieve this, and collective action of states is necessary.

Where did NEPAD come from?

NEPAD was previously called the New Africa Initiative (NAI), which was itself a merger of two processes, the Millennium Africa Recovery Plan (MAP) and the Omega Plan. The MAP originated from an invitation to attend the G8 meeting in Okinawa Japan in July 2000 to Presidents Mbeki (South Africa), Obasanjo (Nigeria) and Bouteflika (Algeria). These three leaders were at the time chairpersons of larger groupings of developing countries: the NAM, the G77 and the OAU, respectively. The invitation to the G8 meeting led to a request from the OAU to the three leaders to draft a development plan for the continent. Following the UN's Millennium Summit in September 2000, a steering committee was established to formulate the plan, by then known as the MAP. The January 2001 meeting of the World Economic Forum in Davos included a session on Africa in which President Mbeki, President Obasanjo and other African Presidents presented a broad outline.

In the meantime, Senegal's president, Abdoulaye Wade, had presented his own draft plan for Africa's development - the Omega Plan - to the Francophone Summit in Cameroon in January 2001. Senegal was then invited to join the MAP steering committee together with Egypt. The governments of these countries subsequently participated fully in the MAP process, though Senegal continued to elaborate its OMEGA plan. In July 2001, a single document merging MAP and Omega – temporarily entitled "A New Africa Initiative" – was presented to the OAU Summit in Lusaka. The plan was renamed NEPAD in October 2001 at the first meeting of the 15-member Heads of State Implementing Committee.

Who actually produced NEPAD? The document itself was drafted by a Steering Committee with representatives of all five countries. It was a government process, in that the Steering Committee were all government officials, though they were supported by a Technical Committee which included some academics and researchers. Before and after July 2001, and in producing several dozen background papers and supportive documents, these committees consulted very widely both inside and outside Africa, with other governments and multilateral organisations. The latter include *inter alia* the UN Economic Commission for Africa, the African Development Bank, the OAU, the UNDP, FAO, WHO, the African Connection, as well as the World Bank, IMF and OECD. All of these organisations, and others, continue to be involved in ongoing discussions and consultations on issues within their mandate. Since October 2001, the (expanded) Steering Committee has met on a regular basis, to consider the work done by the NEPAD Secretariat, based in Midrand, South Africa, and staffed by nationals of several African countries.

Discussion of NEPAD by "the public" in Africa has really only begun in the past three to four months, and there is no doubt that there could and should have been more public discussion in the early stages, especially in the five initiating countries represented on the Steering Committee. Explanations citing time pressures and the difficulties of identifying representative organisations are not entirely adequate. But it is important to stress that at this stage the NEPAD *process* (as distinct from the 60 page base document) remains quite embryonic. The document itself is very broad, laying out a general approach to Africa's development, and there remains a vast amount of 'detail' still to be elaborated – programmes, projects and institutional processes. It is important that there be input into this process from all quarters across Africa – the private sector, trade unions, community-based and human rights organisations, farmers' associations, women's and students' groups. and there is a growing amount of 'space' for such input.

The NEPAD framework

NEPAD is based on a three-pronged strategy, as the box below illustrates. Improving governance – under 'Preconditions for Development' - will strengthen Africa's weak states in Africa, while regional cooperation and integration will increase cross-border trade and investment within Africa, as well as improve international competitiveness through the pooling of African resources. Development in the "Priority sectors" will reverse Africa's marginalisation and lay the basis for sustainable long term development. Progress in these sectors, in particular health, education and infrastructure, will depend on improvements in governance and on regional collaboration. Finally, action in these first two areas requires the "mobilising of resources" from within the continent but also from the rest of the world.

Governance improvements are at the heart of the development agenda for the continent – in the arena of economic governance, this means reducing corruption, increasing transparency and accountability in the collection and use of public resources, enhancing regulation in the financial system, and promoting sound accounting and auditing practices in the private sector; in the political governance arena, it means resolving violent conflict in countries and establishing peace and security for citizens, enhancing democracy and the rights and obligations of citizenship, and establishing respect for human rights and the rule of law in the criminal justice system.

The structure of the NEPAD strategy

A. Preconditions for development:

1. Peace, security, democracy and political governance
2. Economic and corporate governance, focussing on public finance management
3. Regional cooperation and integration

B. Priority sectors:

1. Infrastructure
2. Information and communications technology
3. Human development & poverty reduction, focussing on health and education
4. Agriculture
5. Promoting diversification of production and exports, focussing on market access for African exports to industrialised countries

C. Mobilising resources:

1. Increasing domestic private savings
2. Improved management of public revenue and expenditure to raise public savings
2. Enhancing inflows of external resources via expanded debt relief, increased ODA flows as well as private flows (including from expatriates).

Governance improvements are also essential to increasing resource flows from the industrialised world. In the short term, these will focus upon expanded debt relief and aid flows, but in the longer term, success in improving governance and in the priority sectors (most particularly, infrastructure, including IT, and human development, especially health) will lower risk premia and the costs of doing business in Africa, so that domestic private savings and private capital inflows would be expected to rise. Greater access to industrialised countries' markets for African exports will also provide additional resources for investment in domestic programs.

The NEPAD peer review process

Except for those states still mired in internal conflict, improving governance across Africa is the top development priority. NEPAD will establish a mechanism – a 'club' – for mutual assistance by states unable to achieve this objective acting individually. The main feature of the NEPAD 'club' will be a peer review process. This will involve African governments agreeing to performance standards and criteria (with associated time-frames) in the economic and political governance arenas. Membership in the 'club' will be voluntary, and participating countries will periodically be reviewed by an independent monitoring and assessment process sponsored by the NEPAD Heads of State Committee, to examine their progress in meeting their governance commitments. As in any club, members who do not adhere to the rules will be penalised, and ultimately could be asked to leave. If the NEPAD 'club' succeeds, it will act as a signalling device to investors and donors – domestic and foreign, private and public – to refine their risk assessments and reduce risk premia for club member countries.

The envisaged peer review process is the critical difference between the NEPAD proposal and earlier attempts to promote collective action in Africa, such as the OAU or the Lagos Plan of Action of the 1980s. In the latter structures and initiatives, the collective had no rights vis-à-vis the member countries, who retained their sovereignty relative to the group. Indeed, protection of national sovereignty was a major objective for the OAU. But NEPAD will clearly involve some cession of sovereignty by individual Heads of State to the collectivity. Of course, *effective* sovereignty barely exists in Africa at present, if this means mean "the ability of government to formulate, implement and manage public policy". As *Financial Times* journalist Michael Prowse recently argued, referring to the UK, "sovereignty in practice is measured not by the pompous assertions of politicians in assemblies but by the power that nations can actually project…the historical conditions in which small nation states could enjoy real sovereignty have long since disappeared." (March 3-4, 2001)

Nonetheless, heads of state do not easily give up sovereignty. Since a fundamental departure in African inter-state politics is being proposed, the peer review process – and hence NEPAD as a whole – understandably has not yet become credible amongst either citizens of African nations or the international donor community. Its credibility will develop over time if the approach is adhered to.

But can NEPAD work? Will it be different from earlier initiatives? There is no guarantee, but three developments can improve NEPAD's prospects.

Firstly, the most critical feature is for NEPAD to allow for, indeed encourage, domestic political pressure *in favour of improving governance* within participating countries. A *demand* for improved governance in these societies must be encouraged and nurtured – it will not emerge automatically. "The public" must be involved in the peer review process, both in assessing performance, and (crucially) in formulating goals and targets for the next round of assessment. Without this involvement, the process will have limited political legitimacy, and governance by its very nature depends on political legitimacy.

Secondly, the initiating countries within NEPAD must put themselves on the line, and volunteer for the peer review process. By demonstrating that the process can work, the initiating countries will significantly boost its credibility.

Thirdly, the donor community must play its part and shift resources away from governments which fail to perform in the context of peer review. The credibility of the peer review process requires there be a penalty for not meeting commitments. Africa's development partners must live up to their own oft-expressed commitment to link aid flows to *already-implemented* policy reform, rather than to expressed good *intentions* to reform.

NEPAD & Africa's development partners

As just implied, NEPAD provides both the opportunity and the framework for the renewal of the relationship between African states and their development partners in the industrialised world. There is a deep contradiction in the global debate about development assistance. On the one hand, there is broad consensus on the need for mutual accountability and a shift towards greater 'voice' for recipient *governments.* On the other hand, these governments (at least in Africa) rule through weak and incapable states, often subject to some degree of 'capture' by domestic groups, and located in societies characterised by deep social conflicts. If it becomes credible and widely-accepted, which depends in part on donor behaviour as discussed, the NEPAD peer review process could provide a means to address this contradiction, by establishing distinct categories of African states based on performance in improving governance capabilities.

A number of principles should guide development partners' behaviour. All of these principles are accepted to some degree within the industrialised countries, but support is partial, uneven and inconsistent.

Firstly, donors should discriminate amongst official development assistance (ODA) recipients. ODA and related external resources cannot 'buy reform', but can provide invaluable support for governments who have *already* chosen to reform. Governments not yet committed to governance reforms should be assisted with limited resources to promote political and technical capacity to pursue reform, with an incentive that resources will increase when actual progress is made. Non-government groups and social sectors should also receive assistance to encourage a commitment to reform and help 'lock it in'.

Secondly, there is a related need for more co-ordination amongst donor attitudes and activities vis-à-vis towards specific recipients. This should include agreement on recipients' track record on governance, in the provision of different forms of external assistance, such as trade access and debt relief, over and above development assistance. Most importantly, there is a need for co-ordination of the delivery and accountability of ODA 'on the ground' through, for example, the pooling of funds into baskets for budget or sector support in recipient countries. Fund pooling greatly increases the efficiency of resource provision, since recipients are able to economise on scarce managerial and administrative skills, and apply these to maximise the development *impact* of ODA, rather than to reporting and conditionality requirements.

Thirdly, ODA, trade, debt relief and investment should complement, rather than offset, each other. ODA flows to Africa need to be enhanced in quantity and predictability, with donors moving towards the accepted goal of 0.7% of GDP. Commitments made at the recent UN conference in Monterrey, Mexico, will help in this regard. But ODA increases must not be at the expense of additional debt relief or access to industrial country markets. Debt relief measures must be expanded – more countries included and higher cancellation levels. ODA must be untied from donor in-country procurement requirements, which offset the balance of payments benefits of greater market access.

Fourthly, performance monitoring of donor practices must be introduced. Since ODA is a substantial share of the budgets of many African countries, its delivery and reporting mechanisms can play a defining role in establishing effective economic governance institutions, especially in the area of public expenditure management. But accountability between donors and recipients should be a two-way street, with the latter having the right to full transparency on ODA provision in their own countries, as well as more predictable resource flows via longer-term commitments. If recipients are to improve their own governance, they must be able to plan, monitor and evaluate expenditure effectively. Assessment of donor practices should be incorporated into the NEPAD peer review mechanism.

Finally, assistance to *regional* bodies should be enhanced. In 1996, only 5.4% of ODA provided to sub-Saharan Africa was used to support cross-border activities in regions. Yet many public goods in Africa today must be provided regionally to address problems – such as contagious diseases, conflict, organised crime – which are cross-border in nature, or to build and regulate cross-border infrastructure networks which will enhance regional flows of capital, labour, goods and services. Regional institutions are for the most part rather weak, due to both a lack of resources and the reluctance of governments to cede control. They can be strengthened by the provision of additional finance from the development partners, together with encouragement of 'good performer' governments, to participate more fully in regional initiatives.

Conclusion

NEPAD is still a nascent process facing many challenges to its success. Perhaps the most urgent is the need to mobilise support and build consensus for the plan within the African continent. Individuals, firms and organisations should engage with it, neither accepting it uncritically nor dismissing it out of hand as misdirected, overambitious or exclusionary, but rather seeking to influence and shape its contents. It represents the best opportunity for many years to shift our continent onto a new path, and if it fails it will be a long time before another chance as good as this arises.

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