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PROGRESS REPORT OF H.E. CHIEF OLUSEGUN OBASANJO,
PRESIDENT OF THE FEDERAL REPUBLIC OF NIGERIA AND
CHAIRPERSON OF THE NEPAD HEADS OF STATE AND
GOVERNMENT IMPLEMENTATION COMMITTEE (HSGIC)
TO THE SECOND ORDINARY SESSION OF THE
ASSEMBLY OF THE HEADS OF STATE AND
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Introduction

It is with great pleasure that I, on behalf of the NEPAD Heads of State and Government Implementation Committee (HSGIC), report on the implementation of the New Partnership for Africa's Development (NEPAD) since the First Summit of the African Union (AU) in Durban, South Africa in July 2002.

On approving NEPAD as a vision, strategic framework and the socio-economic development programme of the OAU, the 2001 Summit of the OAU in Lusaka, Zambia, resolved to establish the Heads of State and Government Implementation Committee (HSGIC) of fifteen members, comprising three Heads of State and/or Government from each of the five African regions. The Inaugural Summit of the AU in Durban, South Africa in 2002 resolved to increase this number to four members per region. The HSGIC and its supporting structures was mandated to oversee the further development and implementation of the programme for another year.

My initial report tabled at the first AU Summit held in Durban in July last year highlighted progress made with the preparation of detailed implementation plans for key NEPAD priorities, including Peace and Security, the Declaration on Democracy, Political, Economic and Corporate Governance and the African Peer Review Mechanism (APRM), Agriculture and Market Access, Human Resource Development, Infrastructure and the Environment.

Progress on the positioning and advocacy of the programme, both in Africa and abroad was also highlighted, as well as mobilisation of support by the development partners and the private sector. The Summit endorsed the NEPAD Initial Action Plan and resolved to encourage Member States of the African Union to adopt the Declaration on Democracy, Political, Economic and Corporate Governance and to accede to the African Peer Review Mechanism.

In presenting the report for the second year of implementation, I would like to comment briefly on the international situation as it relates to Africa's development and thereafter focus on NEPAD's unique

contribution to the regeneration of our continent, progress in programme implementation, institutional arrangements, international support for NEPAD and challenges we currently face. I will conclude with proposals to take us forward.

International Situation and its Implications for Africa's Development

Africa's prospects for growth and development are affected by the trends prevailing in the global community. The most important recent developments are the emergence of the global war on terrorism, and the wars in Afghanistan and Iraq. International security issues have supplanted other priorities on the global agenda. The fear is that this may eclipse the focus on poverty and underdevelopment, particularly in Africa, despite the intrinsic linkage between these issues and a safe, secure and stable world.

These issues have the potential to divert attention away from the crisis in Africa, to absorb scarce development resources and to impact on commodity prices, such as oil, that are vital to Africa's economic prospects. Due to the potential of negative impact on Africa, the Implementation Committee has directed the NEPAD Steering Committee and the Secretariat to assess any possible consequence that the war on Iraq may have on Africa's development.

Furthermore, all current analysis points to the weak state of the international economy. Most observers, including the World Bank, IMF and OECD expect a sluggish global economic outlook, with slower growth in the next 12 to 18 months. Uncertainties in global financial markets have sapped the momentum of the modest recovery that began in late 2000. Exceptionally slow growth was recorded in 2001 and 2002 and, although global GDP is expected to rise by 2,5% to 2,7% in 2003, this is well below the 3,8% expansion recorded in 2000 and well below long-term potential growth rates. There is a real risk that the global economy could slip into recession. The slowdown is particularly evident in the industrialised and developed world.

This global scenario poses enormous challenges for African countries and on prospects for achieving the required 7% per annum growth rate in Africa. As it is, 34 of the world's Least Developed Countries are to be found in Africa. The global slowdown means less money available for investment and development assistance, and a smaller demand for African imports.

NEPAD's Unique Contribution

Through the *New Partnership for Africa's Development*, we have made a commitment to the African peoples and the world to work together in developing the continent by consolidating democracy, good governance and implementing sustainable socio-economic development programmes.

NEPAD has brought its own unique contributions, which include the following:

- There is an unprecedented high-level political will and involvement by African Heads of State and Government in creating conditions for sustainable development and implementing Africa's socio-economic development programmes. This has created hope among our peoples as well as in the international community for the revival of the continent.
- NEPAD has generated a higher level of interest, co-ordination and involvement of African development institutions. African institutions such as the African Development Bank [ADB] and the Regional Economic Communities [RECs] have enhanced their efforts towards the implementation of Africa's socio-economic development programmes.
- Africa's developmental needs have been highlighted and put firmly on the global development agenda as never before. This has created a momentum, genuine interest, support and solidarity by Africa's development partners and the international community at large.
- The structured engagement and dialogue by Africans with Africa's development partners at all levels has generated a new paradigm for Africa's development. This new partnership has resulted in African issues being considered more seriously at global fora and increased development flows to Africa.
- In a short space of time, the Heads of State and Government Implementation Committee, and its supporting structures have developed key continental programmes such as the NEPAD Short-Term Action Plan on Infrastructure [STAP] and the Comprehensive Africa Agriculture Development Programme [CAADP]. The STAP and CAADP are now in the implementation stage.

NEPAD, being comprehensively an African initiative, is proof that Africa recognises that it holds the key to its own development. Nevertheless, NEPAD also offers an historic opportunity for the developed countries of

the world to enter into a genuine partnership with Africa, based on common vision and mutual interest, shared commitments and obligations

Your Excellencies, NEPAD has the real potential to break the vicious circle of increasing poverty, under-development and marginalisation that has characterised Africa for a very long time. There are great expectations within Africa and its peoples for NEPAD to succeed and bring about long awaited change in re-launching Africa's development.

Institutional Arrangements

The NEPAD Heads of State and Government Implementation Committee has met four times since the Durban Summit to consider various proposed priority sector development plans and to review progress in implementation. In this way, we have ensured the highest political leadership of the by the Heads of State and Government.

We have strengthened and revitalised our capacity to prepare and implement programmes through the establishment of a Steering Committee that is composed of our Personal Representatives and a co-ordinating Secretariat. The Steering Committee and the Secretariat are our instruments for transforming, energising and expediting the development process. Through these structures, we have expedited the preparation of sectoral plans and initiated a process of coordinating with and strengthening of the Secretariats of the Regional Economic Communities, as well as enhanced our ability to engage development partners and multilateral development institutions.

The institutional arrangements and processes I have just described have enabled us to make significant progress within a short space of time. We have fundamentally altered the development agenda by highlighting agriculture and infrastructure development. We accept that good governance, education, health and poverty reduction are important priorities, but on their own they will not bring about high economic growth and sustainable development. As a result of NEPAD's intervention, the G8 countries have undertaken to work towards reversing the decline, over the decades, in the provision of agriculturally oriented development assistance to Africa and also to encourage international development finance institutions to increase their assistance to agriculture.

Programme Implementation

As the HSGIC, we have spent the last year since the Durban Summit preparing detailed and costed programmes for implementation and we have made progress in that regard:

- We have completed the necessary work to implement the African Peer Review Mechanism (APRM). The APRM documents have been prepared, fifteen countries have acceded to the APRM and the initial Panel of Eminent Persons has been appointed. We will conduct the first reviews during the second half of this year. The APRM is our own instrument for sharing experiences, promoting mutual learning and fostering adoption of good governance and successful development practices. For the first time, we have a structured mechanism that is going to enable us to learn from each other instead of being dependent on information provided by others. As Chairperson of the HSGIC, I have invited all Member States of the African Union to consider acceding to the Memorandum of Understanding on the APRM.
- We are making progress with the resolution of conflicts that have been raging for many years on our continent. Africa has more democratically elected governments than at any other time in the recent past. Sound economic management is becoming the norm. We continue with our efforts of addressing conflicts on the African continent and we have cooperated with the G8 to prepare a Joint Africa/G8 Plan to enhance Africa's Capability to undertake Peace Support Operations. While the Joint Plan is a medium to long-term plan, we must recognise the need to address the other immediate conflict challenges such as the ones in Burundi, the DRC, Cote d'Ivoire, Liberia and Sierra Leone.
- The Comprehensive African Agriculture Development Programme (CAADP), completed last year, has been used as a basis upon which we have prepared detailed and costed country and region specific projects for implementation. The projects and programmes address interventions to improve food security and the productivity of the agricultural sector in various regions in the continent. The CAADP will be distributed as part of the progress report. Our immediate challenge is to address the current food insecurity in Southern Africa and in the Horn of Africa.
- We produced the Infrastructure Short-Term Action Plan last year, which includes high priority projects in energy, transport, water and sanitation, and information and communication technology

(ICT). We have since revised the plan and this will also be circulated as part of the progress report. The implementation of these projects is now being promoted by both national governments and the Regional Economic Communities. The challenge here is mobilizing additional resources and strengthening our capacity to design and implement projects and programmes. We also call on countries to sign and ratify the convention on the African Energy Commission (AFREC) as soon as possible in order to bring it to force.

- We are concerned with the deadlocked WTO negotiations in Geneva as evidenced by missed deadlines on key issues and the outcome of the First Session of African Ministers of Trade held in Mauritius from 16 to 20 June 2003. We do not believe that the Cancun Ministerial meeting later in September 2003 will produce any progress without high-level political intervention. Of particular concern to us is the destabilising effect of agricultural subsidies and other support measures by the developed countries on food production in our countries. We have taken this matter up with the G8 leaders and we believe that this effort must be intensified.
- Africa is unlikely to meet the Millennium Development Goals (MDGs) by 2015 at this current level of progress, or lack thereof. While reforms are undertaken by our countries to address the challenges of education, health, and HIV/AIDS and other communicable diseases, more investment is needed in these areas. Particular areas requiring increased investment include education, health, and water and sanitation. We need to seriously attend to this by re-examining our budgeting priorities.
- We have also made progress in elaborating plans in areas such as health, education, science and technology, environment and tourism.

In addition to the above, I am calling upon you, Your Excellencies, to increase your efforts of ensuring increased resource mobilisation from within our own countries through economic transformation, especially through the participation of the private sector and reprioritizing the budgets of our respective Governments to address these challenges.

Support by the International Community

NEPAD has become the policy framework through which the international community supports Africa's development. During the year 2002, the United Nations General Assembly passed three resolutions

formally accepting NEPAD as the framework for engagement with Africa after ending the UN-NADAF. Subsequently, the United Nations Secretary General directed all United Nations Agencies operating in Africa to work within the context of the NEPAD policy framework and to co-ordinate their activities through the NEPAD framework. Furthermore, the Secretary General has established the Office of the Special Advisor on Africa (OSAA) to coordinate the UN's support to Africa, guide reporting on Africa and coordinate global advocacy in support of NEPAD.

In response to NEPAD, the G8 countries have not only produced the G8 Africa Action Plan but, above all, they have reversed the downward trend in development assistance. For the first time, after many years, significant increases in development assistance have been announced. In addition, the private sector is taking a keen interest in Africa. Africa features prominently in high-level investor conferences instead of featuring only on television screens as a centre of conflicts, natural disasters and human misery.

We once again engaged with the G8 leaders for the fourth consecutive year on Africa's development in Evian, France on 1 June 2003. We are satisfied with the outcome of the meeting with the G8 leaders on NEPAD and the Enlarged Dialogue between the G8 leaders and the invited leaders from the developing world. Specifically, we welcome the G8 leaders' appreciation of the long-term nature of NEPAD and the need to continue with the structured engagement and dialogue with Africa.

The OECD and EU countries and a number of countries of the South, including China, India, Malaysia and Brazil have expressed strong support for NEPAD and we are now taking steps to formalise partnerships with these countries.

These are some of our achievements to date. We believe that this is the right path to sustainable economic growth and development.

Challenges and Constraints

The challenge now is to address the constraints that are preventing us from accelerating the pace of implementation. The first one is the weak link between the HSGIC and the Regional Economic Communities. We need to ensure that the Heads of State and Government who represent regions on the HSGIC become champions of NEPAD in their respective regions. We must provide political leadership in implementing NEPAD programmes in our respective regions. In the process, we must be assisted by our Personal Representatives who must liaise with the respective Secretariats of the Regional Economic Communities. Unless

we do this, NEPAD will not lead to implementation of concrete projects and programmes in our countries.

The second constraint we must resolve is the weak capacity to plan and implement socio-economic development programmes at country and regional levels. Our Governments must give urgent attention to this matter. We will not be able to develop our countries and regions while we are dependent on others for policymaking, planning and implementation. Each country must have a capacity building strategy that is owned and directed by the Government. The same must apply to Regional Economic Communities. They must have clearly defined capacity building plans that must be implemented as soon as possible; otherwise Africa will not be able to execute the NEPAD programme.

The third issue is the popularisation of NEPAD in our countries. In July 2001 at the Lusaka Summit of the OAU and the 2002 Inaugural Summit of the AU in Durban, we resolved that each country should popularise both the Constitutive Act of the African Union and NEPAD. However, the reality is that the majority of our people remain ignorant about both. The fight against poverty and underdevelopment is going to be long and difficult and therefore likely to cause polarisation. The only way to ensure success is to mobilise all our people through an effective communication, outreach and mobilisation strategy that ensures meaningful participation at all levels.

Funding remains one of our greatest challenges. It is essential that in order to retain African ownership and leadership of NEPAD and all its processes, core funding should essentially come from Africa. Funding from our external partners, although welcomed, should mainly be utilised for augmenting and complementing our own efforts, especially in the area of implementation of NEPAD programmes and capacity building.

Finally, I would like to appeal to all Heads of State and Government who are members of the HSGIC to faithfully represent their regions by attending the meetings of the HSGIC. Observing the relatively low levels of attendance by Heads of State and Government at the HSGIC meetings, the 7th Meeting of HSGIC discussed the matter and mandated me and the two Vice-Chairpersons to request all members to make an effort in attending the meetings of the HSGIC and reporting back to their regions.

Fight Against HIV/AIDS Pandemic

In order to be successful in regenerating our continent, it is critical that we overcome the situation in which millions of our people are disempowered from becoming productive citizens by debilitating diseases, including HIV/AIDS, malaria and tuberculosis. The HIV/AIDS

pandemic is the greatest threat to Africa, not only causing millions of unnecessary deaths and untold suffering, but also stifling economic development and damaging the continent's social fabric. We must therefore do everything in our power to bring it under control. As the leaders of our people, we must lead the campaign and ensure that all our people are mobilized.

Integration of NEPAD into AU Structures and Processes

You would recall, Your Excellencies, that at the Durban Summit of the AU last year, the HSGIC was mandated to continue until this year to elaborate the NEPAD Framework and to ensure the implementation of the NEPAD Initial Action Plan until reviewed, at this year's Summit. In carrying out this decision, the HSGIC, through the NEPAD Secretariat and the Commission of the African Union, have commissioned a study on the formal integration of NEPAD into the AU structures and processes. Such a study has been completed and has been made available to all Member States of the AU.

The proposals on the review of NEPAD are contained in the draft Declaration on the Implementation of NEPAD that I will table for consideration and adoption by this Summit. However, I would like to emphasise the main proposal that, in order to sustain the momentum that NEPAD has created and to allow for the building of capacity within the AU Commission to manage NEPAD, the HSGIC be mandated for a period of at least three years to further elaborate the NEPAD Framework and programme, and to ensure its implementation.

The HSGIC will be supported by the Steering Committee, consisting of the Personal Representatives of the Heads of State and Government who are members of the HSGIC, and the Secretariat. In the meantime, I will work with the Chairperson of the Commission of the AU to ensure improved and proper coordination between the Commission and the NEPAD structures for improved efficiency and effectiveness of the programme. I will also work with the Chairperson on the modalities of harmonization and formal integration of NEPAD into the AU structures and processes. During this interim period, NEPAD will continue to be financially supported by voluntary contributions of the Member States of the African Union.

Draft Annual Report

The NEPAD Secretariat has prepared a detailed Annual Report on NEPAD activities and programmes and the HSGIC has just considered the report. Once finalised, it will be sent to all Member States of the AU.

Draft AU Declaration on Implementation of NEPAD

The challenges I have outlined are not insurmountable and they can be overcome. In this regard and on behalf of the HSGIC, I now propose the Draft Declaration on the Implementation of NEPAD for the consideration of the Assembly and for its adoption. The Declaration addresses some of the issues raised in my report as well as those that have been discussed by the HSGIC during the past year.

Conclusion and Appreciation

In conclusion, we have every reason to be proud of our achievements to date. However, we are only at the start of a long journey. Therefore, let us remain united and focused and stay with the winning strategy.

My sincere gratitude goes to each and every member of the Heads of State and Government Implementation Committee. Thank you for your pioneering spirit and for your courage in launching Africa onto an accelerated economic growth and development path. Furthermore, I wish to thank most sincerely the AU Commission, the NEPAD Steering Committee and Secretariat for a job well done. The enhanced cooperation and coordination of the regional economic communities (RECs) and national governments has been crucial towards the implementation of NEPAD programmes. I also wish to acknowledge the support of the NEPAD development partners, especially our regional development bank, the African Development Bank and the UN agencies.

I thank you.