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TOWARDS THE IMPLEMENTATION OF THE NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT (NEPAD)

PROGRESS REPORT AND INITIAL ACTION PLAN

JUNE 2002

I. Introduction

NEPAD was presented to African leaders at the OAU Summit in Lusaka in July 2001, and endorsed by the Summit, in the form of declaration 1(XXXV11). NEPAD reflects the belief of all African leaders that they have the responsibility, together with the African peoples, to address the lack of development and growth on our continent, the pressing problems of poverty and social exclusion facing the majority of our population, and Africa's increasing marginalisation from global markets for goods, services and capital.

2. The fundamental objective of NEPAD is to promote sustainable development on the African continent, in a manner that embodies social, economic and environmental dimensions. In particular, the main goal is to eradicate poverty by meeting the Millennium Development goals formulated at a series of United Nations summits and conference. This is a necessary condition for placing each African country, and the continent as a whole, on a path of sustainable growth and development, and to also halt the marginalisation of Africa in the globalisation process.
3. This summary report of the initial action plan is the first step taken to elaborate the implementation of NEPAD programmes and seeks to build on the NEPAD framework document adopted by the OAU Heads of State and Government Summit in Lusaka, Zambia in July 2001. Other areas of priorities not covered in this initial plan will be elaborated as this plan is implemented and refined.

Section 2. New Conditions for African development

4. NEPAD reflects both continuity and change in the African continent's approach to its own development. In the first place, NEPAD has built upon the many earlier initiatives, which have promoted development in Africa, either through national policies or through the collective efforts of African states or both. Thus many of the policy approaches put forward in NEPAD not only reflected these prior frameworks, but also ideas and proposals formulated by civil society organisations, research institutions and intellectuals across Africa on such issues as poverty reduction, human resource development, diversification of Africa's production and exports, the need to finance development through higher levels both of domestic resource mobilisation and external resource flows, especially through increases in levels of ODA, debt relief and private investment.

5. It is apparent, however, that the earlier initiatives and frameworks have not worked as well as they were intended. Indeed poverty remains an overwhelming problem in our continent. Part of the central problem has been the lack of political will to meet the commitments made, both on the part of many of the African leaders and on the part of the donor community; and, in part, the absence of monitoring mechanism to ensure that governments inside and outside the continent lived up to such commitments. However, new conditions have emerged both within Africa and within the global economy in recent years. Within Africa, a new generation of leaders has emerged who are committed to building a strong and enduring culture of democracy, respect for human rights and accountability in their countries. Also within the continent there is a growing sense of realism by a new generation of leaders of social movements, non-government organisations and intellectuals, to adhere to standards of democratic system. It is out of this generation of leadership that the impulse for NEPAD has sprung, which indeed underpins African ownership of NEPAD.

6. While this spirit of cooperation within the continent being reflected is important, it is equally important to enlighten other regions of the world about the conditions in our continent. For example, the continent continues to be substantially marginalized from

the process of market integration. Furthermore, globalisation has increased the prevalence and impact of a wide range of cross-border pullovers, whose effects are unmediated by markets. These include health, security, financial and environmental processes, and criminal activities. However, there has been a growing recognition within industrialised countries of the need for co-operation with developing economies, as well as interdependence in dealing with human problems. NEPAD has emerged in this context and its proposal for the renewal of partnership with Africa has struck a chord around the world. Both proponents and opponents alike appear committed to making the process of globalisation sustainable, equitable, and development-oriented. This creates the possibility for establishing mechanisms which can translate political will into mutual accountability as well as an effective monitoring of commitments, which is vital to translating our commitments into effective strategy and policy. The fact of our experience has shown that some countries which have started down the path of less successful development remain characterised by limited capacity to govern; narrow and often sectional interests, and poor implementation of policies which are sometime arbitrary, and unaccountable. Thus, the African Peer Review Mechanism introduces the monitoring capability, which provides the instruments for governments and Heads of State to live up to the commitments.

7. Globalisation places new and additional pressures upon states to interact internationally with each other, both within their own regions and on a wider global stage. The increasing prevalence of cross-border interaction and issues (even those not connected with the market) means that these pressures apply equally to African states. Deepening Africa's integration into global markets requires naturally even more substantial international and multilateral activity on the part of our states, since the option of closing our economies off from the global environment is unrealistic. It is generally accepted that Africa has a massive capital shortage, so that without new inflows of external resources, the pace of development will be severely retarded. Instead, we have to carefully manage our engagement with the global environment. The critical requirements to achieve this are purposeful programming and effective implementation of development-oriented foreign investment flow, and effective intervention in the for a and institutions of global governance. This further

emphasises the need to build state capacity in Africa, which is a priority within NEPAD.

Section 3. Progress Report

8. The origin of NEPAD goes back to the participation of Presidents Obasanjo, Bouteflika and Mbeki at the G8 Summit in Okinawa in 2000, which gave birth to the Millennium Partnership for African Recovery Programme (MAP) document.
9. Following the directive of the OAU Extraordinary Summit in Sirte, Libya, of March 2001, efforts exerted by South Africa, Nigeria, Algeria, Senegal and Egypt succeeded in formulating the New African Initiative (NAI), a merger between MAP and the OMEGA Plan (which was conceived and sponsored by President Wade). This was presented in the name of Presidents Mbeki, Obasanjo, Bouteflika, Wade and Mubarak to the OAU Summit in Lusaka in July 2001. The Summit endorsed and adopted the initiative. NAI, a descriptive working title, later was finalised as NEPAD.
10. The initiative was later presented to and was welcomed by the G8 Summit in Genoa, in July 2001. The Summit decided to appoint a G8 Committee of Personal Representatives to consult with African leaders to develop an Africa Action Plan in response to and in support of NEPAD. This Plan will be presented for consideration at their next Summit in Canada in June 2002. Since the Genoa Summit, there have been a number of interactions between the G8 and NEPAD structures.
11. Following the endorsement of the initiative by the OAU Summit on 11 July 2001, substantial progress has been made in terms of ensuring that the NEPAD strategic framework document was developed and presented to the appropriate sub-regional, continental and international institutions and fora, and of putting management structures in place to support the NEPAD process.
12. The NEPAD Heads of State and Implementation Committee, as mandated by the Lusaka Summit, is supported by a Steering Committee and a Secretariat. These two

bodies are responsible for developing and coordinating the detailed technical work and for facilitating the various interactions necessary to take the NEPAD forward.

13. NEPAD clearly is a mandated programme of the OAU/AU. The Implementation Committee, of which the Chairman and Secretary General of OAU/AU are ex-officio members, has to report annually to the AU Summit. The AU Secretariat also participates at all the meetings of the Steering Committee.
14. A number of elements have informed the ongoing process of preparing the detailed Plan of Action, namely that, in developing this detailed work, the NEPAD structures have:
 - Used leading African knowledge organisations as lead agencies, e.g. ADB, ECA;
 - Used the expertise and information of the OAU and its structures;
 - Worked closely with the regional economic communities (RECs), especially in terms of identifying priority projects arising out of their regional indicative strategic development programmes;
 - Used the expertise of identified African experts;
 - Involved representatives of all sixteen states on the Implementation Committee;
 - Utilised the expertise and information of global knowledge institutions like the World Bank, the International Monetary Fund (IMF), the European Commission, and some United Nations (UN) Agencies such as the Food and Agriculture Organisation (FAO), among others.
 - Taken full advantage of reports and recommendations generated by a number of consultative processes, such as the 2000 Dakar Education Conference and the 2001 Abuja Health Conference.

- Taken full advantage of work already done, studies completed and projects and programmes already on the table in the various priority areas (these having been developed by way of a process of consultation amongst stakeholders and that now require NEPAD to fast-track their implementation);
 - Organised workshops and conferences, at national, regional and continental levels.
15. The first and second meetings of the Heads of State and Government Implementation Committee were held in Abuja, Nigeria on 23 October 2001 and 26 March 2002 respectively. The third meeting was held in Rome, Italy on 11 June 2002. The main purpose of the meetings has been to identify the priority areas to be further developed and to set the policy guidelines in this regard. Lead agencies have been identified to provide assistance under each priority identified. In the latter meetings, the main task has been to consider and finalise the detailed documents produced under each priority area. These documents are to form the basis of the interaction with the G8 at their Summit in Canada on 27 June and will be provided to all member states during the AU Summit in Durban in July 2002.
 16. The Heads of State representing each OAU region on the Implementation Committee are responsible for briefing and consulting with their colleagues in the region in question. Interactions have taken place in this regard in ECOWAS, COMESA, SADC, the AMU and ECCAS. These are to continue.
 17. A number of workshops have been held to discuss the proposed programmes in the priority areas, in particular a work-in-progress Workshop was held in South Africa in January 2002 that involved all the major continental and international role-players. There have been a series of engagements with various Regional Economic Communities, the OAU, the ECA, the ADB, the DBSA, groups of African Ambassadors in many capitals and with stakeholder groups at specific events, such as the African Development Forum in Addis Ababa in March 2002, the African

Scholars Forum in Nairobi in April 2002 and the ADB Annual General meeting in Addis Ababa in May 2002.

18. As regards private sector support for NEPAD, engagement has taken place with the World Economic Forum (WEF) at the meeting held in New York in January 2002 and at the WEF Africa Regional Summit of June 2002 in Durban. The Commonwealth Business Council and the Corporate Council for Africa in the USA have also expressed support for NEPAD. Key conferences on private sector support for NEPAD have been held recently in Dakar, Abuja, Johannesburg and Berlin. The Conference in Dakar on 16 and 17 April 2002 and the WEF meeting in Durban from 5 to 7 June 2002 were most successful in terms of mobilising private sector support, of providing a platform for engagement and of marketing the initiative.
19. However, an area of concern remains the issue of the popularisation of the NEPAD. Despite the undertaking in Lusaka last year to popularise NEPAD and the Constitutive Act of the AU in every state in Africa, this does not seem to be happening to the extent envisaged. It is essential that African private sector and civil society structures are mobilised in support of NEPAD, are provided with opportunities to engage in a meaningful manner so as to deepen ownership of the initiative. Every attempt has been made to expand engagement in the NEPAD process, as described above. Another example is the opportunity provided to OATUU to address the Implementation Committee at their March meeting. However, the onus rests on each state in Africa to address this as a matter of urgency in each of their states respectively.
20. In terms of developing the new partnership between Africa and the developed world, it is realised that NEPAD has not been constructed nor expected to exist in a vacuum. Therefore, it is important that it be linked appropriately to existing initiatives and programmes for Africa. NEPAD does not seek to replace or compete with these, but rather to consciously establish linkages and synergies between NEPAD and these existing initiatives. In this way, all activities focused on Africa can be pursued in an integrated and coordinated fashion within the framework of priorities and needs

identified by Africans for themselves. NEPAD provides a focal point and the overall strategic framework for engagement as Africa's chosen agenda for development.

21. Engagements have been ongoing since the Lusaka Summit to achieve the linkages and synchronicity described above. In the post-Lusaka period, an extensive programme to lobby support for the initiative was undertaken. This began with the UN ECOSOC Ministerial meeting on 16 July 2001 in Geneva, the G8 Summit in Genoa, Italy on 20 July, and the meeting between African and EU/EC leaders in Brussels in October 2001. It was also a crosscutting agenda item during the World Conference Against Racism in September in Durban.

22. Significant interactions have been undertaken with the G8, the European Union, various agencies of the United Nations Organisation, the Bretton Woods institutions, non-G8 development partners, the TICAD process and the Sino-Africa process. Apart from these key interactions, NEPAD will also form the basis of engagement at the World Summit for Sustainable Development in South Africa in August 2002 and in the course of the review being conducted of the United Nations New Agenda for the Development of Africa in the 1990's (UN-NADAF), as it did at the recent UN Financing for Development Conference in Monterrey, Mexico. In terms of engaging the countries of the South, NEPAD has benefited in the preparatory sessions of both the UN Finance for Development Conference held this year in Monterrey, Mexico and the UN World Summit on Sustainable Development (WSSD) to be held in Johannesburg, South Africa later this year. In both these processes NEPAD is recognised as important long-term sustainable development agenda for Africa. The Non-Aligned Movement (NAM) Ministerial meeting held recently in Durban has provided an opportunity for Africa to engage with the South on NEPAD.

NEPAD Communications Strategy

23. Now that the implementation of the NEPAD is ready to take off, the role of communications and marketing becomes very important.

24. For this purpose it is essential to set up “In-Country” NEPAD communications structures, which will keep the NEPAD initiative and all its projects and programmes alive in each and every country. These structures will ensure that NEPAD is taken to schools, to communities, to the business sector, to religious institutions, to the youth and women’s associations and the civil society at large. These will also ensure that the work of NEPAD is communicated to the public, in the languages that they know and understand as a means of deepening ownership of NEPAD and fostering the partnership among all stakeholders for successful implementation
25. “Regional” NEPAD communications structures also need to be set up urgently in order to ensure harmony in information dissemination throughout the continent and internationally. Their role will also be to ensure that NEPAD activities being carried out in one part of the continent will be made known to audiences in the other parts of the continent. The role of these structure is very important to the NEPAD Secretariat.
26. NEPAD Secretariat also needs to communicate effectively, the various programmes and projects of the NEPAD Implementation Plan.

Section 4. Initial Action Plan

27. NEPAD is based on a three-pronged strategy. First, establishing conditions for sustainable development (including peace and security and improved governance) in order to sustain and strengthen effective states while, at the same time, strengthen Regional co-operation (by the pooling of African resources) so as to increase international competitiveness. Secondly, the identification of priority sectors that could reverse the marginalisation of Africa and lay the basis for sustainable long-term development. The third and final strategy is the mobilisation of resources from within and outside the continent for effective implementation of policies, programmes and projects.
28. The NEPAD initiative proposes specific actions and programmes in each of the priority areas. This report only gives an outline of the proposed actions and programmes; further details are contained in a separate publication

A. CONDITIONS FOR SUSTAINABLE DEVELOPMENT

29. NEPAD proposes the following specific actions and instruments:
- Strengthening conflict prevention, management and resolution;
 - A Declaration on Democracy, Political, Economic and Corporation Governance;
 - Economic and Corporate Governance Standards;
 - A framework for the implementation of banking and financial standards;
 - An Instrument for Eliminating Money Laundering;
30. The NEPAD Peace and Security initiative is designed to support the proposed Protocol relating to the Mechanism for Conflict Prevention, Management and Resolution of the African Union and various efforts by the African Union and the Regional Economic communities on strengthening their respective conflict prevention, management and resolution mechanisms.
31. The proposals cover actions and measures to
- Improve early warning capacity in Africa, especially information gathering and analysis;
 - Ensure that early warning leads to early and effective action;
 - Promote sustainable reconstruction and development, including disarmament, demobilisation, reintegration and rehabilitation (DDRR);

- Curb the illicit proliferation, circulation and trafficking to small arms and light weapons on the continent; and
- Promote democracy, good governance and respect for human rights through appropriate security sector policy and institutional reforms;
- Undertake a process to govern and set standards for the management of African non-renewable resource exploitation, in regions affected by conflict;
- Also covered are conflict resolution techniques dialogue and diplomatic engagement.

32. The adoption of the Declaration on Democracy, Political, Economic and Corporate Governance and the Economic Governance standards as well as the Corporate and Financial Standards will reaffirm the commitment of African leaders to comply with international best practice.

33. The African Peer Review Mechanism will foster the adoption of policies, standards and practices that lead to political stability, high economic growth, sustainable development and accelerated sub-regional and continental economic integration through sharing of experiences and reinforcement of successful and best practice.

34. Regional integration is one of the conditions for sustainable development. While there is some progress made in achieving regional integration in Africa, there are still challenges that remain and they need to be addressed. In order to accelerate regional integration, the following actions re proposed :

- Strengthening regional economic communities (RECs) including the rationalization of RECs and involvement of private sector and civil society;
- Improving macroeconomic framework for development and deeper integration;

- Improving regional trade by, amongst others, eliminating barriers to intra-regional trade;
- Accelerating physical integration through infrastructure development; and
- Clarifying relationship between the RECs and the African Union, particularly as they relate to mandate.

Both political and economic integration will enable Africa to effectively address its challenges especially those relating to trade, peace and security.

35. Work on the Capacity-building Initiative is continuing. It will encompass all dimensions for supporting sustainable development, including peace and security, economic and political governance, public sector reform and regional integration.

B. SECTORAL PRIORITIES

36. Detailed implementable programmes have been developed for the following sectoral priorities:

- Education;
- Health;
- Regional Infrastructure;
- Agriculture
- Market Access
- Environment

37. **Education**

NEPAD has identified the following specific programmes for special focus.

- Education for all (EFA);

- Development and implementation of School Feeding Programmes in collaboration with the World Food Programme;
- Increasing participation in secondary education. The programme will include improvement of quality and relevance of the curricula;
- Improving co-operation in the production of text books and improvement of the content of education;
- Establishment of regional centres of excellence to provide essential research and high level person power;

38. The NEPAD process will strengthen political leadership and support at both country and regional levels. It will also facilitate negotiations and resource mobilisation.

39 Health

Health in Africa remains the most serious consequence of poverty, social exclusion, marginalisation and lack of sustainable development. Africa's people continue to suffer from HIV/AIDS, polio and communicable diseases that are potentially preventable and treatable. Health Action Plans have been designed to address the disease burden in a comprehensive and integrated manner, and are located in the broader context of poverty reduction initiatives, which are essential for sustainable improvements in health status.

NEPAD has co-ordinated the preparation of a comprehensive programme that covers the following:

- Strengthening disease control, through increased support for international campaigns, such as Partnership against Aids in Africa, Stop TB, and Roll Back Malaria programme;

- Integrated Management of infant and child illnesses, making pregnancy safer programme and programmes against non-communicable diseases;
- Securing health systems, through national reviews to determine health priorities and prepare country-specific plans;
- Building capacity through Centres of Excellence in Africa;
- Redressing the 10:90 gap in health research through the introduction and use of modern information technology;
- Detailed plans to tailor these programmes to country and regional situations need to be developed. Massively increased funding - \$300 per capita per annum - is required and NEPAD will work to develop a range of partnerships – amongst African countries and with the international community.

40. *Bridging the Infrastructure Gap*

Bridging the infrastructure gap has been identified as an important element of promoting regional integration and thus creating larger markets in Africa. Infrastructure in this context refers to Energy, Water, Transport and Information and Communication Technology (ICT). To identify projects, NEPAD, through the ADB, undertook a survey of the infrastructure projects and initiatives in the countries that had been included in the programmes by the RECs.

Projects that have been prioritised here satisfied the following criteria:

- Strong facilitation element i.e. supports both a regional approach to infrastructure provision and regional integration
- Attained advanced stage of preparation

- Stalled for political reasons
- Offer solutions to regional policy, regulatory or institutional constraints to infrastructure development

41. *Four areas are covered in the short-term plan:*

- Establishment of policy, regulatory and institutional frameworks to create a suitable environment for network expansion through investment and for efficient operation.
- Capacity-building initiatives.
- Physical or capital investment projects; and
- Studies to prepare new priority projects:

42. *Energy*

In this sub-sector, the challenge is to develop fully the energy resources of the continent in order to deliver affordable energy services. Africa's rich energy resources will be developed through regional cooperation. Prioritised projects cover:

- Power systems
- Gas/oil transmission
- Studies
- Regional capacity building
- Regional facilitation

Feasibility studies have been completed for all the projects listed. The next stage is to accelerate implementation.

See appendix – table 1

43. *Water and Sanitation*

The challenge is to harness available resources to meet the growing basic needs of water supply and sanitation for a large number of African population, contribute to food security through use of water for irrigation and also be able to tap the available renewable hydropower potential for the continent. Some critical issues need to be addressed:

- The adoption of effective national and regional policies and institutional frameworks based on the principle of integrated water resource management.
- Establishment of collaborative framework on agreements to facilitate the management and development of shared water resources and;
- Capacity building

Target programmes, projects and activities include:

- Enabling environment for regional cooperation;
- Development of integrated resource management policy;
- Meeting basic services;
- Improving water wisdom;
- Strengthening financial base for water future.

The NEPAD process will accelerate progress through enhanced political leadership.

See appendix – table 2

44. Transport

The goal of the NEPAD transport program is to close Africa's gap in transport infrastructure and services, by:

- Reducing the costs and improving the quality of services;
- Increasing both public and private financial investment in transport infrastructure;
- Improving the maintenance of transport infrastructure assets;
- Removing formal and informal barriers to the movements of goods and people; and
- Supporting regional cooperation and the integration of markets for transport services.

Specific Projects prioritised in each sub-sector are:

a) Road

- Cross-border transit facilitation
- Overload control on corridors
- Harmonized COMESA/SADC bond guarantee scheme
- One-stop border posts along SADC corridors
- Private sector associations and stakeholder forums

See appendix – table 3

b) Ports

- Physical development
- Studies

See appendix – table 4

c) Railways

- Institutional support
- Physical development
- Studies
- Safe seas and ports
- Inland waters

See appendix – table 5

d) Air

- Institutional and physical for safer skies
- Establishment of upper airspace control centre
- GNSS project
- Establishment of joint safety oversight units
- Studies

See appendix – table 6

45. *Information and Communication Technology*

The threat posed by the digital divide to the rapid development of African countries can on the whole be attributed to their inability to deploy, harness and exploit the developmental opportunities of ICTs to advance their socio-economic development. There is therefore an urgent need to put in place and implement ICT initiatives to bridge the digital divide at four levels namely:

- Bridging the divide between the rural and urban areas within a given country:
- Bridging the gap between countries of a given sub-region,
- Bridging the inter-regional gap and
- Bridging the gap between Africa and the rest of the world.

To address these challenges, the Plan proposes three broad areas of programs for implementation under Short-term Action Plan; namely: ICT Infrastructure

Development and Roll-out Projects; ICT Infrastructure Development and Roll-out Facilitation Projects; and ICT Infrastructure Exploitation and Utilization Initiatives. A number of projects and initiatives have been identified for implementation under each of these three broad program areas:

- ICT Infrastructure Deployment Facilitation Projects
- ICT Infrastructure Exploitation and Utilisation Initiatives

NEPAD would ensure coordination between African countries to contribute to bridging the digital gap at the Summit of Knowledge in 2003 and 2005.

46. The role of NEPAD in all of these projects would be to mobilise the political will and co-ordinate actions for policy and institutional reforms in each sector, including harmonising regulatory systems, and ratification of agreements. NEPAD would also facilitate the mobilisation of resources for regional projects by pooling resources and enlarging the participation of the private sector. Resource pooling would include facilitating knowledge sharing, networking and dissemination of best practices among countries, Regional Economic Communities (RECs) and technical agencies. NEPAD will encourage public private partnerships for the execution of projects.

See appendix – table 7

47 Agriculture

The vision of agriculture in Africa is as an engine of growth resulting in the improvement of people's livelihoods in the rural areas, the achievement of food security and increased exports, as well as growth in other economic sectors.

Four specific programme areas have been prioritised; they are the follows:

- Extending the area under sustainable land management and reliable water control systems, where the target is to expand the area under irrigation by

50% to about 15 million hectares and to implement soil fertility programmes in this land as well as 5 million hectares of rain-fed land.

- Increasing food supply and reducing hunger through accelerated domestic production of rice, rather than reliance on imports, enabling a 50% reduction in imports to 4.7m tons.
- Improving rural infrastructure and market access through rural access roads.
- Increasing agricultural productivity and sustainability by doubling current level of annual spending on agriculture research and extension over ten years across Africa

The NEPAD process will ensure leadership of implementation by the Heads of State.

48. **Market Access**

The challenge is to create an international trade regime that is fair to the less developed countries, makes international trade a powerful motor for the reduction of poverty, would enable Africa to export to the markets of the developed countries on fair terms and a regime that would enable Africa to industrialise.

To achieve the above objectives, the NEPAD initiative makes a number of proposals which include:

- Concerted effort by African leaders to ensure that developed countries do away with tariff peaks and tariff escalations on agriculture and processed products that originate from Africa.
- Concerted efforts by African leaders to stop industrialised countries from undermining food security in developing countries through export dumping;

- Concerted effort by African leaders to ensure provision of comprehensive duty-free and quota-free access for all African countries to the markets of industrialised countries by 2004. This must include all products including rice, bananas and sugar;;
- Building the capacity of African countries on trade policy development and trade negotiation;
- Accelerating efforts to increase Intra-Africa Trade.

50. ***Environment***

The Environmental Action Plan covers land degradation, drought and desertification, coastal and marine resources, fresh water resources, better management of habitats, species and genetic resources, alien invasive species, management of non-renewable resources and impact of urbanisation, HIV/AIDS and war/population dynamics.

51 ***Other Priorities***

Work is starting in several other sectors.

- Diversification of production
- Culture
- Gender issues
- Science and technology
- Small Island Developing States (SIDS)

What has been outlined in these sectors is the first phase – projects identified are for initial implementation. Additional, long-term programmes will be developed later.

C. MOBILISING AND UTILISING RESOURCES

52. Africa's performance in mobilising and utilising the continent's rich resource base for meeting its development goals and aspirations has been very poor. The continent has over time been overly dependent upon external sources of support, usually on terms and conditions that have weakened control over its own resources and national policies and programmes. NEPAD is determined to reverse once and for all this undesirable scenario through a two-pronged approach to resource management. This comprises effective harnessing of its domestic resources, and purposeful and optimal utilisation of both domestic and external resources. The aim is to ensure that external resources complement, but do not replace, domestic resources in financing development. Strategies for achieving this objective include:

53. *Improving domestic savings*

Among the regions of the world, Africa's average savings ratio (gross national savings as a proportion of GDP) of about fifteen per cent is the lowest in the world. In spite of the very low per capita income, enormous opportunities still exist for increased savings. NEPAD hopes to double Africa's savings ratio within the next ten years through various incentives and programmes. Prominent among these are the establishment and/or reform of traditional savings institutions, promotion and development of capital markets, macroeconomic policies that promote real economic growth thereby boosting the level of per capita income, and a monetary policy stance that ensures low rates of inflation and positive real interest rates on savings. Public sector savings will also be enhanced by effective and efficient tax administration.

54. *Improving the quality of public resource management*

There is a consensus that the overall quality of public resource management in Africa leaves much to be desired. Currently, fiscal operations of most African economies are characterised by persistent and usually non-sustainable budget deficits, massive waste in public expenditure, unbridled levels of corruption and severe debt overhang. This situation is being aggravated by ineffective and inefficient tax administration

resulting in high revenue leakages. NEPAD aims to address these issues through its economic governance programme, which lays emphasis on transparency and accountability in public expenditure management. It also emphasises the optimal allocation of national resources in a manner that promotes maximum growth and balanced national development. All these will be enhanced by effective and efficient tax administration, enhanced fiscal discipline; value-for-money on public outlay and the promotion of a culture of public savings.

55. *Enhancing Capital Flows*

Domestic resources are not adequate for meeting the development goals envisaged by NEPAD. Hence, efforts will be made to mobilise external resource flows on favourable terms to complement domestic efforts. The following are the sources being targeted by NEPAD.

- (a) Debt Relief: Additional external debt relief is obviously required for meeting the development goals of NEPAD. However, such relief should only complement additional resource flows specifically earmarked for identifiable anti-poverty targets. At present the amount of relief under the HIPC initiative is neither predictable nor tied to specific anti-poverty targets. Several African countries are excluded. HIPC should, therefore, be deepened, broadened and made more inclusive, with all African countries, which are at present neither fiscally sustainable nor developmentally redeeming.
- (b) Overseas Development Assistance (ODA): There has been a long-term decline in ODA to Africa from \$19bn per annum in the early 90's to \$12bn by year 2000. This reflects the relative share of Africa in the global ADO falling from 37% to 27% respectively. The level of ODA to Africa has been is very much lower than the agreed 0.7% of the GNP of OECD countries. This commitment should become binding on the developed partners and Africa's share of the total should be enhanced considerably. In addition to the recent pledge by developed partners to increase ODA flows by \$12bn per annum, the share of Africa of this new addition should not be less than 50 percent. The EU and USA should honour their commitment to this end. The

donor partners and agencies should work with recipient countries to reform and improve the present ODA structures and delivery systems. On their own part, African countries, under NEPAD, will ensure henceforth efficient and productive utilisation of all resources including ODA flows.

- (c) **Foreign Direct Investment (FDI):** FDI is necessary to fill the savings-investment gap required for meeting resource mobilisation needs of NEPAD. At present, Africa accounts for just about 0.9% of global FDI, of which about 70% flows to the extractive industries in 6 countries. To enhance FDI flows, African countries are committed to creating and promoting a conducive environment for both indigenous and foreign investors. To this end, African countries will encourage and develop dynamic private sector and ensure their active participation in the NEPAD process.
- (d) **African Development Financing Institutions:** The efforts of the various DFIs in Africa have not yet been translated into development achievements. Hence, NEPAD is looking to these institutions, especially the African Development Bank (ADB), to help mobilise and better utilise long-term funds for the continent. Specific proposals and suggestions will be solicited by NEPAD from these institutions in due course.

56. *Improved Performance of Africa in Global Trade*

Ultimately, Africa needs trade rather than aid to achieve sustainable development, NEPAD emphasises the enhancement of the competitiveness of African economies, the diversification of production, and the improvement in the terms of trade for African products. Appropriate negotiations will be initiated with Africa's development partners on the issue of production and trade, capacity building and improvement of market access for African products.

57. *Role of Africans In the Diaspora*

NEPAD recognises the high potential contribution of Africans in Diaspora (AID) to the development of their continent. This issue was ignored by previous initiatives, but NEPAD is initiating an outreach programme with the aim of enlisting the support of

AID in effective mobilisation of resources by way of investment. Towards this end, NEPAD will put in place adequate incentives for regular and substantial resource transfers by AID, especially as a means of boosting the volume of private investment in Africa. Furthermore Africans abroad can and should be encouraged to play a significant role in terms of advocacy for their countries and the continent at large.

58. *Capital Repatriation*

Many African countries have for decades been helpless victims of massive looting of public funds by corrupt political leadership and public officials, which are kept in bank accounts or used to acquire property in various parts of the world. Available evidence indicates that the amount involved is enormous but African countries have been confronted with enormous hurdles in attempts to recover the proceeds of these nefarious activities. Their recovery would go a long way to ameliorating the resource constraint of many African countries. NEPAD is committed to recovering all of the looted funds under the auspices of its anti-money laundering and recovery of looted funds initiatives. NEPAD is also committed to the reversal of capital flight through the commitment of African countries to Democracy, Political Economic and Corporate governance.

Section 5. Institutions for Implementation

59. The implementation of NEPAD programmes needs to be facilitated through (i) establishment of appropriate policy, regulatory and institutional framework, especially to create a suitable environment for investment;(ii) capacity building programmes to empower particularly the implementing institutions to meet their mandates; and (iii) the preparation and implementation of programmes and physical projects.

NEPAD will not be directly involved in implementation. Implementation will remain the responsibility of designated institutions. NEPAD will act as a catalyst, facilitator and negotiator. Through the NEPAD process, the heads of State will enhance the effectiveness of AU structures and regional economic community structures by speeding up political decision making and supporting capacity building

60. The role of the NEPAD initiative will include:

- Strengthening political leadership on poverty reduction and promotion of high economic growth and sustainable development;
- Accelerating regional co-operation and planning and implementation of cross country projects through direct participation by Heads of State and government .
- Accelerating progress of adoption and adherence to best practice in political and economic governance through participation in the Peer Review Process;
- Strengthening Africa's capacity to engage the developed countries and multilateral institutions on trade, debt reduction, ODA reform and other priority issues.

The NEPAD process will be able to do all the above more effectively because the Heads of State and Government will be meeting on a regular basis to deliberate on carefully selected strategic issues. They will be able to identify issues and to act quickly.

61. The main challenge is to evolve an appropriate implementation process, including the establishment and/or streamlining, as well as allocation of responsibilities to implementing agencies and the timeframe for implementation. These are presented in the following sections.

62 The Implementation Framework

The first challenge concerns the setting up of the institutional framework and capacity for planning and implementation of NEPAD.

63. Institutional Framework

The individual countries constitute the nuclei of all programmes and implementation actions. Central actors at this level are the governments, acting through their relevant departments or designated agencies. They are responsible for mobilising civil society and the private sector to participate and see NEPAD as relevant to their effort toward enhancing development and helping to alleviate poverty. These three parties – government, civil society and private sector – are expected to internalise the NEPAD spirit and programmes in their development strategies and investment plans.

64. The RECs as building blocks of the OAU/AU, the parent body of the NEPAD initiative, form the sub-regional level for planning, co-ordination and monitoring of the integration process. The RECs will have the primary responsibility of seeking full participation of all sub-regional stakeholders in the planning, development and implementation stages of their respective projects. The RECs comprise intergovernmental institutions, working with associations or other sub-regional organisations representing civil society and the private sector, especially for the operation of operating of infrastructure and related services. The RECs will operate through their secretariats, commissions or technical units to co-ordinate and facilitate development and implementation of programmes.

65. The OAU/AU is the apex body at continental level. For NEPAD, the OAU/AU has designated special committees, the Steering Committee (SC) and the Heads of State Implementation Committee (HSIC), to drive the process. The partnership at this level would benefit greatly from a stronger interaction of the Government leaders and officials with the African business leaders and representatives of civil society. An interim secretariat currently co-ordinates the NEPAD programme.

71 ***The Next Steps***

The next steps to facilitate the involvement of the institutions and enhance their relevance will include the following:

72. ***Securing Endorsement of the short-term Programme***

Among the major activities to be undertaken are consultations by the NEPAD Secretariat with the AU, RECs and the lead agencies with other relevant agencies to broaden ownership of the programmes and to secure buy-in of these and other organisations. The consultation will also assist to refine some of the programmes that could not be fully developed. In addition, the consultation will provide an opportunity to clarify the role of NEPAD as a facilitator.

73 ***Mobilising Finance***

There is also the need to mobilise financial and human resources for coordinating implementation of the programme. The responsibility to mobilise finance will be shared between countries, RECs and the NEPAD apex institutions. They will set in motion a fund raising machinery, which will include intermittent road shows, round tables or investment forums to seek financial commitment by prospective financiers (bilateral, multilateral and private sector). A critical factor in these consultations will be to listen to and address the concerns and needs of prospective financiers.

74. ***The Peer Review and Monitoring System***

The first action will be to establish the Peer Review Secretariat and coordinating institutions, whose officials will be in a position to act independently, without undue influence from any interested party in governments, RECs or other implementing agencies. The Secretariat, in collaboration with the coordinating institutions, will develop indicators for monitoring progress. In addition, NEPAD will establish a forum for knowledge sharing and exchange of experiences in order to replicate successful

cases elsewhere, and also avoid some of the problems encountered or mistakes made.

75 ***Risk Management***

It is recognized that the plans outlined for the implementation of NEPAD programmes involve some risks of slow progress or even inaction that should be addressed. First, there is a **political risk** that some countries may not pursue or delay the implementation of NEPAD endorsed programmes and action plans on key issues, especially those that will unlock any barriers to the flow of investment and financial assistance into the programmes, from both within and outside Africa. Such issues concern in particular the establishment of good governance and the enabling environment. NEPAD will mitigate this risk through intensive engagement and actions to be determined within the framework of Peer review.

76. Second is an **institutional risk** that the institutional framework may lead to delays in project implementation as a result of elongated process, or that the capacity constraints will not be solved. The interfacing of all institutions concerned with the planning and implementation of NEPAD will be clearly streamlined to avoid additional layers of bureaucracy. The capacity constraint will also require specific attention.

77. Third is the **financial risk** that adequate funds will not be available to facilitate timely implementation of programmes and projects. NEPAD will mitigate this risk by addressing matters that may lead to the delay of flow of funds from both public and private sector sources. NEPAD will also institute a better Africa marketing strategy and deep engagement of the prospective financiers. Furthermore, NEPAD will mobilise as much finance as possible from internal sources.

Section 6. Issues for Africa's development partners

78. It is time for a new Partnership for Development between Africa and the industrialised countries of 'the North'. Successful development experiences all over the world over

the past 150 years have required external assistance and support, including financial, technical and economic resources. This support must be rendered in such a way that it does not promote dependence on the part of the recipients, or domination on the part of its providers. A new partnership for development must rest on the principle of mutual accountability, requiring the clear elaboration of obligations and responsibilities on each side, and binding commitments monitored via the African Peer Review Mechanism.

79. ODA, trade support through market access, debt relief and foreign investment should complement, rather than offset, each other. ODA flows to Africa need to be increased in quantity and their predictability and efficiency enhanced, with international partners moving towards the target of 0.7% of GDP. But this must not be at the expense of additional debt relief or access to markets of partner countries. ODA must be untied from donor country procurement requirements, which offset the balance of payments benefits of greater market access. Tariff reform alone is insufficient for foreign trade expansion to impact positively on growth and development. Relaxation of high agricultural tariffs in industrialised countries facing import competition from Africa in the agriculture sector must therefore be complemented by increases in ODA directed towards upgrading Africa's institutional and physical infrastructure for conducting and regulating its foreign trade.

80. Development partners also need to reform their processes for providing assistance. First there is the need for development partners to act in concert with each other. This will require substantial co-ordination at the political level and the G8, the OECD DAC and similar mechanisms can play an important role in achieving a common position amongst the partner countries towards specific recipient countries. Co-ordination of attitudes at the political level is likely to strongly accelerate co-ordination of modalities and mechanisms 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 meeting reporting and conditionality requirements.

81. Furthermore, African recipient countries have a right to full transparency on all forms of ODA provision in their own countries, and there is a need to monitor and evaluate both development impact and the transactions costs of ODA delivery. Further, there is a need to stabilise levels of resource flows through shifts towards longer-term commitments and towards a rising proportion of ODA being channelled through recipient country budgets, so that recipients can plan, monitor and evaluate expenditure effectively.
82. The need to improve donor practices, individually and collectively, is sufficient motivation for a binding process to monitor these practices, which would underpin the principle of mutual accountability. This monitoring should take place within the framework of the African Peer Review Mechanism, because ODA makes such a substantial contribution to the budgets of many African countries. As a result, effective delivery and accountability mechanisms for ODA can play a determinant role in supporting the establishment of effective economic governance institutions, especially in the area of public expenditure management. This in turn will contribute to lowering investor evaluations of country risk premia over the medium term.
83. ODA provision to regions, as unitary entities must be expanded – regional assistance is not the same as assistance to each of a group of countries within a single region. In 1996, only 5.4% of ODA provided to sub-Saharan Africa was used to support cross-border activities within regions, as opposed to being allocated to individual countries. Yet NEPAD emphasises that many public goods in Africa today must be provided on a regional basis, because they address problems which easily cross national boundaries. These include health systems, environmental protection, conflict resolution and law enforcement. Some other public goods are more efficiently provided through a regional approach, because they involve infrastructure networks which connect countries and the regulation of these networks, such as financial systems, transport, communications or water. The adequate provision of these goods requires support to the region itself, to assist the strengthening of regional institutions. Regional institutions in Africa – both sectoral and multi-sectoral – are for the most part rather weak, due to the lack of both resources and binding

commitments on the part of national governments. These institutions could be strengthened by the provision of additional finance from development partners, together with the judicious use of conditionality in development assistance to 'good performer' governments, to encourage effective participation in regional initiatives and support for regional agencies.

84. In complement of self-African effort to alleviate poverty, NEPAD would contribute to accelerate the implementation of mechanisms of World Solidarity Fund welcomed by the General Assembly of the United Nations (UN).
85. Africa's development partners have recently made some progress in improving access to their domestic markets for the continent's exports. Initiatives such as the European Union's 'Everything but Arms' and the US' AGOA Act are important steps in enhancing opportunities for African producers. But subsidies to domestic producers, especially on agricultural products of interest, remain a significant barrier to entry for African countries, which have no capacity to subsidise their producers. These subsidies are fundamentally opposed to the spirit of partnership expressed in NEPAD, and to the promotion of further trade liberalisation. They are also contrary to the interests of consumers in industrialised countries. Africa's development partners need urgently to address the domestic and international political constraints, which prevent the removal of these subsidies.
86. Debt relief must be expanded to ensure that increased ODA does not simply support debt servicing. The HIPC initiative should be expanded through the elaboration of provisions for middle-income countries engaged in the Paris Club debt relief process. Debt cancellation must rise from current levels towards the 100% level. But even short of this, debt relief should be linked to good performance on governance issues which will contribute to poverty reduction, with fiscal sustainability as an intermediate indicator, rather than indicators of debt sustainability. The expansion of debt relief would have significant positive benefits for the investment environment: much evidence demonstrates that the debt overhang undermines investment performance because debt service demands impose a tax on expected future returns, discouraging investors from committing their funds. Real exchange rate instability

also undermines investment rates, and there is a strong case for additional ODA to be provided on a contingency basis to offset terms of trade shocks.

87. In the short-term, Africa's development partners can assist by contributing to the establishment of two trust funds essential for addressing urgent needs on the continent. The first would be aimed at financing peacekeeping and conflict prevention activities. The second would focus on supporting capacity building in policy formulation and implementation, in regulation of service provision and trade facilitation, and in international trade, financial and policing negotiations.
88. The primary challenge facing Africa's development partners is to supply the political will to meet their commitments. NEPAD offers not only an opportunity to improve the partners' support for development in Africa, but also a challenge to do so. This opportunity cannot be missed due to a failure of leadership on either side.

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APPENDIX

Table 1

Summary of Energy Sector Projects and Initiatives for the Short-Term Action Plan
<p>Power Systems Projects Mepanda Uncua Hydropower Ethiopia-Sudan Interconnection West Africa Power Pool (WAPP) Program Algeria-Morocco-Spain Interconnection (Strengthening) Algeria-Spain Interconnection & Algeria Gas-fired Power Station Mozambique-Malawi Interconnection</p>
<p>GAS/OIL TRANSMISSION PROJECTS Kenya-Uganda Oil Pipeline West Africa Gas Pipeline (WAGP) Libya-Tunisia-Gas Pipeline</p>
<p>STUDIES Grand Inga Integrator DRC-Angola-Namibia Interconnection Nigeria-Algeria Gas Pipeline Sub-Regional Interconnections (East, West, Central)</p>
<p>Capacity Building (Regional) AFREC Operationalisation & REC Capacity Building Africa Energy Information System & Planning Tools Training of Energy Experts</p>
<p>Facilitation (Regional) Policies and Strategies Energy Protocol Cooperation in new and renewable energy Cooperation in improving energy efficiency & reliability of supply Cooperation in Oil and Gas trade, refining/processing Cooperation in rural energy</p>

Table 2

Summary of Projects for Short Term Action Plan – Water and Sanitation Sector	
	Region
<p>A: Enabling Environment for Regional Cooperation: Water Resource Planning and Management – Nile Basin Support of New and Existing River Basin Organizations Action Plan for the Integrated Water Resources in West Africa Water Resources Management in Central Africa</p>	<p>East Africa Several regions West Africa Central Region</p>
<p>B: Support to Development of National Integrated Water Resources Management Policies: Support for the Development and Implementation of National Water Sector Policies and Strategies - SADC</p>	<p>Southern Africa</p>
<p>C: Meeting Urgent Basic Services: Rural Drinking Water Supply and Sanitation in the Niger Basin Combating Drought and Desertification in the Maghreb</p>	<p>West Africa North Africa</p>
<p>D: Improving Water Wisdom: Water Resources Assessment in SADC Implementation of IGAD HYCOS Strengthening of the ABN Interstate Forecast Center (CIP)</p>	<p>Southern Africa East Africa West Africa</p>
<p>E: Strengthening the Financial Bas for the Desired Water Future: Study to Improve Financing Mechanism for Development of the Water Sector</p>	<p>All regions</p>

Table 3

Summary of Short-term Program for Better and Safer Roads to bring together Africa
Institutional, policy advice, road safety .
Studies (estimated on the basis of regional programs)
Regional roads upgrading and construction (Based on projects included in REC's programs, which meet the criteria mentioned above and for which studies are available at least to feasibility level).

Table 4

Summary of Short-Term projects for Ports	
	Regions/ Countries
Physical	
Mombasa Port: expansion of the capacity of the container terminal and berth conversion.	Kenya, EAC
Nacala Port: rehabilitation in support of concessioning	Mozambique- Malawi: SADC
Lobito Port: rehabilitation, transshipment facilities	Angola
Abidjan Port: container terminal, dredging of Vridi Canal.	Cote d'Ivoire
Dakar Port: rehabilitation and construction of container terminal	Senegal, UEMOA, ECOWAS
Djibouti Port: container handling facilities	Djibouti, Ethiopia, IGAD
Studies	
Mayumba Port pre-feasibility study	Gabon, ECCAS

Table 5

Short-Term Projects/Programs for Railways	
Title	Country Sub-region
Institutional	
Support for concessioning of railways: Technical assistance for strategy formulation; regulatory capacity building; and provision of transaction advisors.	Kenya, Uganda, Tanzania Zambia Swaziland
Physical	
Rehabilitation of Railways in support of concessioning Uganda Railways Malaba – Kampala railway (part of 250 kms), including bridges Port Bell and Jinja wagon ferry terminals rehab.	East
Improving Port Bell – Kampala rail section Kenya Railways	East
Nakuru – Kisumu rail section rehabilitation (part of 250 kms), including bridges Tanzania Railways	East
Track rehabilitation, upgrading signals telecoms for Dodoma – Tabora – Mwanza section Nacala Corridor Railway Rehabilitation of 77 Kms (Cuamba – Entre Lagos).	Southern
Studies	
Feasibility study for railways interconnection:	West and Central
Feasibility study of the Brazzaville–Kinshasa rail/road bridge	Central Region
Feasibility study of Trans-Maghreb railway system	North Region
Undertake needs assessment study for Angola and D.R. Congo for rehabilitation of the Benguela railway corridor system	Angola, D.R.C

Table 6

Summary of Short-Term Program for Safe Skies - Air Transport	
Title	Location
Institutional and physical	
Support for implementation of the Yamoussoukro Decision (liberalisation) and aviation restructuring: Regional coordination and exchange of information and best practices	All regions All countries
Regulatory capacity building	
Upgrading airport security	Two non category-1 major airports per sub-region (total 10)
Upgrading airport infrastructure and related facilities to category 1 standard,	
Establishment of Upper Airspace Control Centre (UACC)	SADC & EAC
GNSS project - Implementation of test bed - Installation of ground infrastructure	Africa & Indian Ocean region
Establishment of joint safety oversight units (COSCAP)	West, Southern & East sub-regions Central, North-East, North
Studies	
Establishment of Upper Airspace Control Centres (UACC) -	Study to cover other sub-regions (West, Central, North-East, North)
Aviation infrastructure needs assessment study	Angola and D.R. Congo

Table 7

Summary of Short-Term Plan: ICT Infrastructure Deployment Facilitation Projects		
Project	Region(s)	Sponsors
Telecommunications Equipment Manufacturing in Africa Study	Whole Continent	ITU-Africa Region
ICT Policy and Regulatory Framework Harmonization at Regional Level	Whole Continent	ATU, RECs
Strengthening of African Telecommunications and ICT Institutions	Whole Continent	Identified Institutions
Programme to Enhance Africa's Participation in the Global ICT Policy and Decision Making Fora	Whole Continent	ATU, RECs, NTOs
The ICT Human Resource Capacity Development Initiative for Africa	Whole Continent	ATU/ITU-Africa Reg
The SADC Regional Infrastructure Initiative (SRII)	Southern	SADC
The RASCOM Project	Whole Continent	RASCOM
SAT-3/WASC/SAFE-Utilisation to Improve Interconnectivity	South, Central, West, East	SAT3/WASC/SAFE