WHAT IS THE VALUE OF NEPAD?

Africa Analysis, No 441, 20 February 2004

Dr Alex de Waal and Dr Tajudeen Abdul Raheem

The New Partnership for Africa's Development (Nepad) should return to its original vision – revised to account for the impact of HIV/AIDS and some other key developments – before it becomes lost in a futile attempt to become an African 'ministry of planning' or worse still an implementor of projects.

Nepad began with President Thabo Mbeki's vision of the African Renaissance, the insight that if Africa were to unleash its economic and political energies, it could achieve accelerated development. Mbeki's vision converged with a concern of OAU leaders that the continent needed a rapid solution to its debt crisis. Nigerian President Olusegun Obasanjo had been mandated to work on this problem. The outcome was a more comprehensive version of the Millennium Partnership, and specifically the idea of a double contract between African governments and their citizens, and between Africa and the developed nations. In return for undertaking the necessary reforms to promote democracy and good macro-economic management, the developed countries would make the world a fairer place, by forgiving debt and lifting trade barriers.

Two more ideas then entered the matter. The first was the achievement of the Millennium Development Goals. What would it take to halve poverty by 2015? Economists estimated 7% growth per annum: High but not impossible. The second was How this was to be achieved? First, by more efficient domestic resource utilisation. Raising the savings rate from 19% to about 33%, to stimulate more investment. This, in turn requires better economic management and corporate governance. Next, by attracting more foreign investment. Sound economic management is a prerequisite for this. It would also help if Africa could have fair access to world markets, making investments more profitable. Overall, the 'finance gap' was estimated at about $64bn per year. If these reforms were undertaken and debt payments were massively reduced, most of this gap would be filled. A bit would be left - about $10bn.

This $10bn could only be filled by concessionary finance aid. Recent decades show that aid has a pretty poor record of stimulating growth, but an impressive record of fostering economic distortion, inefficiency and rent seeking. How to overcome this pathology? Fortunately, some of the more progressive donors had already been thinking along the right lines, developing the idea of harmonising aid, making it predictable and long-term, and trying to generate some accountability by outcomes. The incipient model was an enhanced partnership whereby donor and recipient would agree on common goals, the donor would provide a substantial amount of direct budgetary support over a ten year period or longer, and the two parties would jointly assess the outcome. The basis for the common approach would be a poverty reduction strategy (PRS). In order to overcome the problem whereby aid strengthens the government at the expense of the citizen and taxpayer, the ideas of participatory input into the PRS and mutual accountability for outcomes were under development. One of the means of simplifying the aid encounter was to adopt the idea of peer review, utilised by the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD) to evaluate donor performance, to the recipient performance as well. The aid resource flow was seen as the by-product of a new approach to governance, economic management and international trade.

How realistically would this work? The private sector will only go where there are profits to be made. Donors have their own priorities, and are legally obliged to account for their monies. Hence the Millennium Partnership began by focusing on the potential best performers. This was a difficult concept to sell to those African states that felt – with justification – that they would be relegated to the second tier. At the Algiers Conference of Ministers of Finance in May 2001, African governments agreed that all would support a single initiative – the 'New African Initiative' (NAI) as it was then called. At the OAU Lusaka summit two months later, the NAI was formally adopted and a steering committee of five and a heads-of-state and government implementing committee (HSGIC) of 15 were established, which duly met in October that year and renamed the plan Nepad.

It was a bright dawn: A commitment to a new way of doing business. One of the big hopes in Nepad has been the African Peer Review Mechanism (APRM), which generated a lot of excitement because civil society activists mistook it for an African POPULAR Review Mechanism – i.e. they thought it would be an opportunity for citizens to pass judgement on their rulers. It did, indeed, expand from economic management and corporate governance into areas of political governance and it did promise greater transparency. But those who expect a democratic revolution through the APRM are setting themselves up for disappointment. The process will be slow and bureaucratic.

Where is Nepad now? It is in dire danger of becoming a mechanism for aid-funded projects, a sort of mega-NGO, distinguished by the fact that its governing board consists of heads-of-state. What's happened to the government-citizens partnership?

Where is the regional integration? At best, Nepad programmes and policies would be implemented by countries. Governments should implement the reforms necessary to realise the Nepad goals. This is NOT the same as having Nepad projects and programmes 'implemented at country level' by ministries, UN agencies or donors. Nepad should be about policy. What is the aim of drawing up these plans of action? Nepad is not an implementing agency. If it were to become so, it would be a competitor to existing ministries and departments and would rightly be shunned. Nepad has no business in projects. It has no business handling resources. If Nepad goes down this track, it will die, and not too soon.

Can Nepad be rescued? Fortunately it can, if the heads-of-state recall that their role is to put Africa on a new development trajectory, and not to supervise programmes and projects. There are three big steps:

1. Nepad should focus on the big policy issues. These are domestic resource mobilisation, trade and debt relief, and the basic principles of the aid encounter. The HIV/AIDS epidemic requires that many of these fundamentals be re-assessed: Economic growth and employment strategies, for example, need to be re-designed for an era in which the demographics of Africa look very different. Nepad should immediately cease all attempts to design programmes and projects. The next meeting of the HSGIC should discard all the items on their agenda that do not deal with the massive and overwhelming crisis facing the African continent.

2. Nepad should remember that it is a regional initiative that represents Africa, and it is part of the African Union. The South Africans have to stop behaving as though Nepad is their national Marshall Plan for Africa. The HSGIC needs to set the secretariat to work designing an accelerated programme whereby the structural impediments to African integration can be overcome in short order.

3. Nepad needs popular debate. Some of the core ideas are sound, though having fallen into the hands of the bureaucrats they have had any originality systematically bleached out. The citizens of Africa are well able to understand the value of the fundamental ideas of the partnerships, of better governance, of continental unity and of generating development through local initiative and resources. At present, Nepad is in dire need of a popular review. It is the African popular aspiration for unity, democracy and development that can save Nepad from the dead hand of another circus of rentier bureaucracy.

Dr Tajudeen Abdul Raheem is general secretary of the Pan African Movement and also a co-director, with Dr Alex de Waal, of the London-based Justice Africa.