
NEPAD: ISSUES, PROGRESS AND PROSPECTS

By

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I. INTRODUCTION:

Most African countries got political independence from the end of the 1950s to early 1960s. Since then, they have been pre-occupied with how to over-come the problems of under-development and poverty. These problems have, however, persisted in spite of the creation of an African Institution, the Organization of African Unity (now African Union {AU}) to spearhead economic, political and social emancipation of the continent. In addition to these problems, and in line with the global trend, the AU is anchoring itself on the principles of commitment to self-reliance (food sufficiency, production of goods and services); respect for democratic principles; human rights; rule of law; gender equality; respect for the sanctity of human life and security; and the promotion of social justice. The principles underlying the forgoing of the New Partnership for Africa's Development (NEPAD) have much in common with those of the AU.

NEPAD is a comprehensive integrated development plan intended to address key social economic and political priorities of Africa. The plan was conceived and developed by some African leaders in order to help accelerate economic growth and achieve sustainable development with a view to eradicating widespread poverty and halting the marginalization of Africa in the globalisation process. It is a merger of the Millennium Partnership for Africa's Recovery Programme (MAP) and the OMEGA plan, which was finalized and approved by African Heads of State and Government in July, 2001. It has enjoyed wide-spread acceptance in and outside Africa.

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The Partnership seeks co-operation between Africa and the International Community, such as the Group of Eight Industrialized Countries (the G-8), the United Nations (UN), donor agencies, International Financial Institutions (IFIs) and Organizations. NEPAD is also in co-operation with regional institutions such as Economic Community of West African States (ECOWAS), Economic Community of Central African States (ECCAS), Southern African Development Community (SADC), East African Community (EAC), Arab Maghreb Union (AMU) e.t.c to create building blocks for growth and development. The mode of partnership at the national/country level is largely between public sector and the private sector (civil society, non-governmental organizations, and organized private sector).

This paper is organized into four sections in addition to the introduction. Section II contains major issues with respect to NEPAD. In section III, the progress so far made is reported, while Section IV deals with the prospects. Section V contains a brief conclusion.

II. ISSUES

Some key issues of NEPAD relate to the goals, conditions for sustainable development, sectoral priorities, resource mobilization, mutual commitments/obligations between African countries and development partners/international community, and peer review mechanism. These issues are discussed further below:

II.1 The goals of NEPAD

These are broadly:

- a) The restoration of peace and security in Africa through conflict prevention, management and resolution; entrenchment of good governance (political, economic and corporate);
- b) Eradication of widespread poverty, severe under-development, and acute income disparity between the rich and the poor;
- c) Promotion of economic recovery, acceleration of growth and sustainable development through development of agriculture,

improvement in educational levels; fighting HIV-AIDS; and revamping infrastructure; and

- d) Working to halt the marginalization of Africa in the globalisation process.

The above goals are intended to enhance African ownership of and responsibility for the continent's development programmes; help provide effective leadership; make Africa attractive to both domestic and foreign investors, achieve and sustain an average growth rate of 7% per cent per annum for the next 15 years; and contribute to the attainment of the Millennium Development Goals (MDGs) by the continent. The goals also aim at increasing investment in human resource development; promoting sub-regional and continental integration; developing a new partnership with industrialized countries and multilateral organizations on the basis of mutual commitments, obligations, interest, contributions and benefits; and strengthening Africa's capacity to lead negotiations on behalf of the continent on major developmental programmes requiring co-ordination at the continental level. Another goal is to strengthen Africa's capacity to mobilize additional internal and external resources for development.

11.2 Conditions for Sustainable Development

Experiences within African countries point to the fact that peace, security, good governance, human rights and sound economic management are pre-conditions for sustainable development. Many Africans in some parts of the continent live under conditions of armed conflict, thus creating doubts about the continent's capacity to create a suitable environment for productive economic activities, improved incomes and standards of living. Under the NEPAD, African countries have pledged to work both individually and collectively to promote these principles to hasten attainment of these pre-conditions to facilitate economic growth and development, which seemed to have eluded them over the years.

This is the background to the sub-regional approach adopted by the leaders of the (ECOWAS) to resolve or manage conflicts in Sierra Leone, Liberia, Cote d'Ivoire and recently in Guinea Bissau. The collective

positive interventions of ECOWAS Heads of State testify to the resolute commitment of these African leaders to promoting peace and security in the continent as a pre-condition for economic progress.

Evolving conditions for sustainable development would also entail promotion of concrete and achievable programmes to enhance the quality of economic and financial management as well as corporate governance in Africa. Many African economies have, for decades, been planning without reliable and readily available data and often under conditions of persistent macroeconomic instability. Their financial and money markets have been largely shallow, whilst most economies have heavily depended on primary commodities, mining, (petroleum and solid minerals) and subsistence agriculture, with little value added. NEPAD envisions improvement in macroeconomic management (supported by development partners), the provision of essential regional public goods such as transportation, energy and water to encourage productive investment. It also aims at disease control, environmental preservation and building of regional research capacity, all of which are considered vital to increased capacity to produce necessary goods and services, development of trade, employment generation and a better future for Africans. Sustainable development, which would be induced, would help also diversify the productive base from subsistence farming to adoption of modern farming and value-adding processing of products as well as the deepening of financial markets to provide investible funds.

II.3 Sectoral Priorities

This approach targets improvement in the cost profile and business environment, through emphasis on local production of essential raw materials and provision of better communication, port and shipping facilities as well as rail in order to make African goods and services competitive. Revamping industrial infrastructure would also be a priority if domestic needs for basic industrial goods are to be met and the surplus exported. Human Resource Development would require a major initiative capable of producing essential skilled manpower for industrial and service sectors. This would involve bridging gender educational gap, reversing

brain drain, emphasizing technical education and acquisition of specialized skills. The environmental initiative will focus on combating desertification, conserving Africa's coastal and inland resources by promoting application of best practices. Under this setting, agricultural production (crops, grains, forestry products, poultry, fishery), industrial output and tourism should be in the ascendancy, while the propensity to import should decline.

II.4 Resource Mobilisation

Effort here will involve mobilization of both domestic and external resources, canvassing for debt relief, Official Development Assistance (ODA) and private capital flows. Resource Mobilisation is a vital aspect of NEPAD if the required growth rate of 7% of GDP per annum is to be achieved in order to reduce by half, the population of severely poor Africans (living below \$1 per day) by 2015 in accordance with the Millennium Development Goals (MDGs) of the United Nations.

The strategy of resource mobilization would include encouraging/providing incentives for development of a strong savings culture in Africa, having regulatory bodies to ensure that banks and other saving institutions provide competitive interest rates for savings and lending, and the fiscal authorities exhibiting fiscal discipline to minimize resort to borrowing from banks and crowding out the private sector. Fiscal deficits need to be funded via capital markets. It would also involve the broadening of the sources of revenue generation, including reform of the tax system, and increasing the production of diverse goods for exports as well as working through the World Trade Organisation to bring about fair rules for international trade and the integration of African economies into the global economy.

11.5 Mutual Commitment Between African Countries And Development Partners.

African countries under NEPAD have committed themselves to the principles of accountability, transparency, democracy and the rule of law.

In turn, development partners (industrial countries), have committed themselves to providing ODA and technical aids; facilitating the inflow of Foreign Direct Investment (FDI) into Africa and supporting efforts aimed at reduction of debt burdens.

11.6 The African Peer Review Mechanism (APRM)

For obligation under mutual commitments to be met, African countries are to submit themselves to the principles of African Peer Review. The countries would submit themselves to scrutiny of peers with respect to the levels of their performances in accountability and transparency in their corporate, democratic and economic governance based on objectively established indicators and standards.

111. PROGRESS

At present, the progress made under NEPAD may not be judged in the traditional sense of actions taken or projects implemented and associated discernible outcome or impact. The conceptualization of NEPAD followed a top down approach, which was introduced by a number of Heads of State. What NEPAD is and what it is expected to accomplish are now being explained to citizens of African countries. The degree of sensitization of stakeholders, articulation of specific programmes and projects for donors support and the development of supporting institutional structures, are the three/fronts NEPAD progress can be measured.

III.1 Sensitisation Programme

NEPAD's Secretariat has been carrying out extensive programmes of sensitization of the public in the continent on how NEPAD was "born", what it plans to achieve and the likely benefits there from. For instance, in May 2003, NEPAD Secretariat organized a workshop, during African Development Meeting at the Economic Commission for Africa in Ethiopia, and briefed Ministers of Finance, the Organized Private Sector (OPS), bankers, and government officials about projects for which NEPAD was going to source for funding to enhance the development of the continent. The Secretariat also briefed the Governors of the Association of African

Central Banks (AACB) on what NEPAD was about and how African Central Banks could be supportive of the Partnership. Many countries have also carried out the sensitization of their citizenry, with the support of NEPAD Secretariat.

III.2 Articulation of Projects for Funding

NEPAD Secretariat has reported that extensive work has already been completed in some areas and on-going in others with respect to the preparation of blue prints and projects on agriculture, health (HIV/AIDS), infrastructural development, education (for poverty reduction), and conflict resolution under African Union (AU). Intensive dialogue with the development partners and canvassing for support and funding are already underway.

III.3 Development of Supporting Institutional Structures

In an effort to assist develop institutional support mechanism for NEPAD in various countries; Heads of State and Government in the continent have encouraged the establishment of national "Secretariats" (Offices) to coordinate the developmental activities of the Partnership. A continental Secretariat has also been established and domiciled in the AU.

The above-indicated measures (largely administrative), aimed at making the vision of NEPAD a reality, are considered useful, but only urgent, well-coordinated/thought out implementation of concrete projects, with tangible results, would justify the high expectations of Africans from the Partnership. Against this background, the next section of the paper contains reflections on the Prospects.

IV. PROSPECTS

It is expected that if NEPAD Programmes and projects are well implemented, they would contribute to improved economic growth and development, increased employment, which, in turn, would help reduce poverty. They would also contribute to the diversification of productive activities and increased volume of African goods for export to international markets.

Strict and uniform adherence to the African Peer Review Mechanism, with entrenched system of self-assessment, would make for policies of African countries being based on best current knowledge and practices. The APRM, intended to be independent and free from political interference, should facilitate country review reports being made public in a timely and predictable manner to ensure transparency. APRM would increase support for states meeting their good governance and democratic commitments.

Modest successes are already being recorded in some areas of the Partnership. There are accelerated and on-going efforts to resolve Africa's major conflicts and negotiations to bring about affordable supply and manufacture of essential pharmaceutical drugs in Africa. In addition, blue prints for bankable projects in agricultural, industrial and service sectors of African economies have been prepared. These achievements are necessary but not sufficiently comprehensive to enhance the overall success of NEPAD.

For NEPAD Programmes to succeed, other prerequisites would have to be met. Foremost among these are sustained political leadership and commitment to the principles on which the Partnership is anchored; ownership and support of all stakeholders; provision of essential financing by all parties; and efficient/effective implementation of NEPAD's developmental projects.

With respect to funding, African banks, financial institutions and stock exchanges would need to be significantly involved to convince development partners that identified projects are worth investing in. In this regard, African central banks have a major role to play. They have primary responsibility for price stability in their countries, and therefore, should have a major influence on macroeconomic stability, expected to be supportive of investment, economic growth and development. They also have the capacity to guide the development and transformation of the financial services sector of African economies. By ensuring soundness of African financial systems, they would have contributed to making the financial sector play more effectively its role of mobilizing resources from

surplus to deficit sectors of African economies for productive investments. The central banks could also be an important partner of NEPAD in the APRM through assistance in developing and refining indicators and standards for economic and corporate governance components of the APRM.

V. Conclusion

NEPAD seems to be an important mechanism in the quest to develop African economies in order to reduce poverty. It is a “project”, which could address concerns of credibility and sustainability of African economic, political and social reforms as it is based on the concept of adoption of best practices, sharing of knowledge and overcoming deficiencies of past approaches to African development. NEPAD could succeed and make a difference in the lives of Africans given political support, appropriate levels of funding, judicious use of available resources, strict and effective implementation of its programmes, and a general acceptance by all segments of the African society.

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