

# Means of implementation



**T**he JPOI states that the implementation of Agenda 21 and the achievement of the internationally agreed development goals, including those contained in the Millennium Declaration, as well as the Plan require a substantially increased effort, both by countries themselves and by the rest of the international community, based on the recognition that each country has primary responsibility for its own development and that the role of national policies and development strategies cannot be overemphasized, taking fully into account the Rio principles, including in particular, the principle of common but differentiated responsibilities.

While recognizing that NEPAD is an African owned development vision that requires the mobilization of resources from within, African leaders are mindful of the fact that the effective implementation of NEPAD requires massive heavy investments to bridge existing gaps. In this context, African leaders called on the international community to support Africa's efforts in the spirit of the new partnership espoused in the development vision. Subsequently, the international community at WSSD, pledged its support to the implementation of NEPAD, including through utilization of the benefits of South-South cooperation supported, inter alia, by the Tokyo International Conference on African Development (TICAD). It also pledged support for other existing development frameworks that are owned and driven nationally by African countries and that embody poverty reduction strategies.

## 6.1 Domestic resources

Domestic financing of Africa's development results from sustainable high growth rates of the economies, high investment rates resulting from high savings rate and current account surpluses of the balance of payments accounts. Ideally, African countries would prefer to use domestic resources to finance development because it is less volatile than most external capital flows and does not increase their vulnerability to external shocks. In addition, unlike Official Development Assistance (ODA), domestic resources are not subject to conditionalities that limit the policy choices and instruments available to governments. Unfortunately, domestic resources are insufficient to address Africa's development problems (Hammouda, et al, 2006).

It has been indicated that the lack of high and sustained economic growth in Africa is a major explanatory factor for the region's inability to make significant progress in the fight against poverty (Hammouda, et. al, 2006). NEPAD subscribes to all the MDGs and calls for achieving and sustaining an average gross domestic product (GDP) growth rate of over seven percent per annum for the next 15 years. However, NEPAD recognizes that while growth rates are important, they are not by themselves sufficient to enable African countries to achieve the goal of poverty reduction. The challenge for Africa, therefore, is to develop the capacity to sustain growth

at levels required to achieve poverty reduction and sustainable development, supported by bridging existing gaps in priority sectors, in order to enable the continent to catch up with developed parts of the world.

### 6.1.1 Concrete actions taken and progress made

African countries have taken several strategies to address their growth and development concerns. At the onset of Africa's de-colonization in the 1960s, and up to the 1970s, many countries adopted national development plans with the State serving as the engine of growth. The poor economic performance of the mid 1970s and 1980s led to the adoption of Structural Adjustment Programmes (SAPs) by most African countries, with support from the World Bank and International Monetary Fund (IMF). While to a certain extent, the SAPs helped countries in achieving macroeconomic stability, they caused many social problems, which deepened poverty by the end of the 1990s. In order to reduce poverty, enhance gains made in regard to macroeconomic stability and promote the establishment of viable public expenditure systems, the Bank and Fund introduced the Poverty Reduction Strategy Papers (PRSPs). Furthermore, in their quest to attain the MDGs, many African countries have now adopted MDG-based Poverty Reduction Strategies as their national development planning frameworks. A remaining challenge is to integrate NEPAD priorities into national development plans, including MDG-based PRSPs.

Notwithstanding, there has been a lack of consistency in economic growth for most African countries for the past four decades. The 1960s and early 1970s represented an important period of improved growth for African countries. Between 1974-1979, there was a slight positive average annual per capita growth rate. However, from 1980-1993, there was a negative average annual per capita growth rate. Economic recovery began in 1994 and was sustained in 1996 during which year growth was more widespread (ADB, 1997). Africa's growth of 3.3 percent in 1998, compared with 2.9 percent growth in 1997 was the highest in the world (ECA, 1999). It is encouraging to note that African countries have continued to achieve and sustain positive real growth rates for their economies since 2000. Africa's GDP growth rate increased from 3.5 percent in 2000 to 4.3 percent in 2001 (ECA, 2002). While there was a slight dip in the growth rate of 3.2 percent in 2002, the average growth rate has continued to increase since then (ECA, 2003). Growth rates have been sustained at 4.3 percent in 2003, 5.2 percent in 2004, 5.3 percent in 2005 and 5.7 percent in 2006 (ECA, 2004-6).

Other macroeconomic aggregates have also improved since 2000. Consumer prices inflation fell from an average of 29.1 percent from 1988-97 to 8.5 percent in 2005 (Hammouda, et al, 2006). Despite the Balance of Payments deterioration during the SAP periods of the 1980s and 1990s, the situation has improved since the late 1990s. The region has moved from a current account deficit of 8.1 percent (of exports of goods and services) over the 1988-97 to a surplus of 5.9 percent on 2000. These achievements have been attributed to positive changes in the region such as: improvements in economic policies, reduction in conflicts, better governance, more open trade and investment policies and improvements in commodity prices.

Africa's growth performance in 2006, as in previous years was underpinned by improvements in macroeconomic management in many countries and by strong global demand for key African export commodities, resulting in high export prices, especially for crude oil, metals and minerals. Improved economic management and increases in non-oil commodity prices have more than offset the negative impact of high oil prices on the real GDP growth of African oil importers (ECA, 2007). While on average, the growth rate of Africa has been remarkable since 2000; this growth rate is not enough for most countries where real growth rates have remained low relative to their development goals. With only four countries recording an average real GDP growth rate of seven percent or more during 1998-2006, few African countries are positioned to achieve the MDGs (ECA, 2007).

Saving rates have traditionally been low- below 20 percent of GDP. Between 2000-2004, the savings rate was 17.5 percent compared to 35.6 percent for Asia (Hammouda, et, al. 2006). The low level of savings partly

accounts for the low level of investment in Africa. In 2000, UNCTAD estimated that the investment rate in SSA had to increase to 22-25 percent from the 20 percent of GDP in the 1990s to reach a sustainable growth rate of six percent (UNCTAD, 2000). Very few countries have achieved these investment rates. Of 46 countries with adequate data, only nine achieved investment rates of at least 25 percent of GDP during 2000-2003 (World Bank, 2005a).

Another area that needs attention to ensure growth is the private sector (domestic and foreign). The private sector has been recognized as the engine of growth and job creation in Africa. The informal private sector enterprises, including the farmers form the largest sector of African economies and should be recognized as important contributors.

### **6.1.2 Challenges and constraints**

It is clear from the literature that the nature and character of growth is important in impacting positively on poverty (ECA, 2006a). Growth in Africa has not been accompanied by major job creation, raising serious concerns about the continent's ability to reduce poverty. In most African countries, employment creation is not integrated into macroeconomic policy frameworks. For instance, economic activity has shifted away from agriculture to capital-intensive sectors, such as mining and oil production (ECA, 2006b). Therefore, despite the improved growth performance since 2000, Africa still faces the task of addressing poverty. Unlike the other developing regions of the world where poverty has been on the decline, the proportion of people living below the poverty line in Africa increased from 44.1 percent in 1990 to 45.7 percent in 2003. The challenge to a vibrant private sector in Africa is how to create an enabling environment for private sector development.

### **6.1.3 Lessons learned and the way forward**

For growth to have a significant positive impact on poverty, it must be pro-poor in the sense that a higher percentage of the benefits must accrue to the poorest segment of society. The broad policy measures needed for sustained growth include political stability, good governance, macroeconomic stability and good investment climate (Hammouda, et. al., 2006). Africa's agriculture sector, which employs some 70 percent of the work force and generates on average 30 percent of Africa's GDP should be mainstreamed into growth policies. Significant real job creation and poverty reduction can be achieved with agricultural transformation. There is the need for African countries to operationalize the Comprehensive Africa Agriculture Development Programme (CAADP), as a framework for restoring agriculture growth, food security and rural development.

There is the need to have higher savings and investment rates in order to achieve growth rates that can make an impact on poverty. There is the need to boost savings rate in Africa through prudent fiscal and monetary policies by improving access of the people to the banking system and boosting the ability of governments to mobilize domestic resources by reviewing the tax collection system (Hammouda, et. al. 2006).

The way forward to creating a vibrant private sector is through short and long term capital (including micro-credit), infrastructure and a stable macroeconomic and political environment. There is need for collaboration between Governments, private sector groups and international financial institutions. In addition, Governments should establish business rules and regulations that provide a level playing field for domestic and foreign businesses. African governments should ensure that private sector enterprises, including multinational corporations, demonstrate corporate social responsibility by integrating social and environmental considerations into their business practices and operations (UN, 2006).

While Government has the responsibility to improve the policy environment, the private sector needs to adopt a more proactive role to overcome constraints. The private sector needs to focus on diversification, particularly into higher value added products, by improving on their productivity, competitiveness and building linkages

and partnerships both with foreign investors and enterprises within Africa for mutually transferable skills and technology (UN, 2006).

Mainstreaming the social, economic and environment pillars of sustainable development in development strategies will address the problem related to the lack of integrating employment in development strategies.

## 6.2 External resources

The domestic resource gaps that arise due to insufficient domestic resources are supplemented by external capital flows. The important capital flows include Official Development Assistance (ODA), debt forgiveness and private capital flows, such as Foreign Direct Investment (FDI), portfolio investment and remittances.

### *ODA*

ODA or Aid is expected to have positive but declining effect on growth of countries as the volume of aid increases. Aid helps countries to augment savings, finance investments, increase labor productivity through investments in health or education and provides a channel for the transfer of technology from the rich to poor countries. The Commission for Africa's Report and the UN Millennium Project Report –“Investing in Development” show that more and well-targeted aid is needed to help Africa's sustainable development and for countries to exit out of the poverty trap. Both Reports also indicate that bold and integrated strategies on a scale needed to meet the challenges are possible and can only be implemented through a strengthened partnership. The UN Millennium Project estimates that incremental ODA needed for Africa's Development in 2010 and 2015 would be \$33 billion and \$65 billion each year respectively (UN, 2005).

Various International Forums (Monterrey, Rome, Marrakech, Paris and Gleanegles) have urged donors to implement their pledges to Africa in three main areas; scaling up of aid, improving aid effectiveness and debt relief. They have urged donors to meet the agreed targets of 0.7 percent of GNP to developing countries. They have also called for actions on the five areas of Aid Effectiveness, which are ownership, harmonization, alignment, managing for results and mutual accountability. They have also called for actions to untie aid, reduce transactions costs of aid delivery in recipient countries, enhance the absorptive capacity of recipient countries and improve the targeting of aid to the poor.

### *FDI*

FDI is the most important source of external finance for developing countries. FDI has higher potential for stimulating domestic investment, than other forms of private capital flows (Mody and Murshid, 2005; Borsworth and Collins, 1999). FDI is part of private capital equity flows. Private capital flows can be in the form of equity or debt. However, 86 percent of the recent capital flows to Africa have been in the form of equity. This is a positive development considering the high debt position of Africa. Recent equity flows to Africa have been in the form of FDI as opposed to portfolio equity inflows that are highly volatile and often leave countries vulnerable to sudden reversals and investors sentiments (Hammouda, et. al. 2006).

### *Debt*

One of the concerns about high external debt of poor countries is that it stifles growth and makes it difficult for a country to generate enough resources to repay its existing stock of debt (Hammouda, et al 2006). As debt burden and servicing reduce, the capability of African countries to finance development is enhanced. Many African countries remain severely indebted. As a percentage of GDP, Africa's external debt is higher than any

other developing region of the world. A substantial proportion of Africa's export earnings have been used for debt repayment, thus imposing a huge debt burden on the continent, perpetuating poverty and contributing to environmental degradation, as well as the inability of African countries to implement sustainable development agreements.

## 6.2.1 Concrete actions taken and progress made

### *Official Development Assistance (ODA)*

Aid to Africa increased from just under US\$ 1 billion in 1960 to US\$ 32 billion in 1991. But by the end of the 1990s, aid had fallen to almost half the 1991 level (ECA, 2002). After declining through most of the 1990s, net ODA to Africa began recovering, rising from a total US\$ 15.7 billion in 2001 to US\$ 21.2 billion in 2002 (ADB, 2004) and US\$26.3 in 2003 (ECA, 2005). While ODA has been rising since 2000 in absolute numbers, as a proportion to GDP, ODA in 2004 was five percent, which is below the six percent recorded in 1990 (Hammouda, et. al. 2006).

The capital flows in addition to domestic capital are very small compared to the developmental needs of African countries. Besides, despite the recent increase in ODA, very few countries account for the larger share of the continent's receipt. The top five largest recipients of Egypt, Mozambique, Ethiopia, DRC and Uganda account for 32 percent of annual aid flows, while the top 10 countries receive more than 50 percent of the continent's total aid (ECA, 2006).

In addition to the increase in aid to Africa, some progress has been made in improving the quality and effectiveness of aid through the following (UN, 2006):

- The Paris Declaration on Aid Effectiveness called for increased efforts with specific commitments, at aligning donor support with partner countries' development strategies, harmonizing donor operational procedures, managing aid with a focus on development results and improving mutual accountability for implementing commitments on aid effectiveness; and
- ECA and OECD/DAC, in the first mutual review of development effectiveness, emphasized the importance of mutual accountability and the need to strengthen both donors' and African countries' systems for aid delivery and management.

In conformity with the commitment made to allocate at least half of the increase in ODA to Africa by 2006, the G8 countries increased their assistance to Africa by \$6 billion during the period 2001 to 2004. Based on commitments by G8 and other donors in 2005, total ODA is expected to increase by some \$50 billion per annum in real terms between 2004 and 2010 with the increase to Africa amounting to \$25 billion per annum over the same period (UN, 2006).

The World Bank has launched Aid Effectiveness Review 2006, which is being coordinated with the 2006 Survey on Monitoring the Paris Declaration (UN, 2006). NEPAD has also made great strides in international engagement especially in advocacy and in contributing to reversing the decline in ODA (NEPAD Secretariat, 2004 a).

While there is some progress on scaling up aid, only Canada, France, Germany, United Kingdom and the EU have fully complied with their commitments. On Aid Effectiveness, aid from Netherlands, Denmark, Sweden and Norway were judged to be most effective. On the whole donors have made more progress in meeting commitments on debt relief, than in fulfilling the pledges made on scaling up aid and improving aid effectiveness (Hammouda, et al, 2006).

## *Foreign Direct investment (FDI)*

Several actions have been undertaken by African countries to attract FDI. These mainly include enacting attractive and liberal investment codes for in-coming investments. The creation of an Investment Climate Facility (IFC) in 2005 will go a long way to increase the volume of FDI in African countries. The IFC was endorsed by the Commission for Africa and the NEPAD Secretariat and supported by the key multilateral and bilateral donor agencies. It aims to provide \$550 million in grants over seven years to fund over 300 projects mainly in African countries that have signed up for the APRM. The target of IFC is to increase the average annual growth rate in at least 12 African countries by two percentage points in seven years (UN, 2005).

Africa's share of FDI dropped from 25 percent in the early 1970s to just five percent in 2000. Generally, FDI is concentrated on the richer countries of the continent thus further marginalizing the great majority of the poorest African countries. FDI inflows to Africa decreased from US\$19 billion in 2001 to US\$11 billion in 2002. This downturn occurred at a time of worldwide slumps in FDI flows, although domestic factors were also a contributory factor. A slight increase, US\$14 billion was registered in 2003 representing a two percent share of FDI inflows for the region (ADB, 2004; ECA, 2004b). In 2004, FDI increased to US\$20 billion (UN, 2005).

In many African countries, the bulk of FDI flows into the natural resource sector. Oil-producing countries, particularly Algeria, Angola, Chad and Nigeria have been the main beneficiaries of FDI in 2003. However, it was noted that the most attractive countries for FDI are those with large markets such as South Africa, Egypt, Morocco and Nigeria, and those that have addressed impediments to investments by improving the business environment such as Ghana, Ethiopia, Mauritius, Mozambique, Tanzania and Uganda (ECA, 2004a). FDI flows to the service sector, in general, and the electricity, wholesale and retail sub-sectors in particular, have been on the rise in recent years challenging the dominance of the extractive industries. There is also some diversification of sources of flow of FDI. Traditionally, FDI to Africa came from Europe and to a lesser extent from North America. Lately, Asian investments from China, India, Malaysia and South Korea have been increasing in Africa. South African companies are increasingly leading intra-African FDI (ECA, 2005; ECA, 2006).

Japan has pledged to implement an Enhanced Private Sector Assistance Programme providing up to \$1.2 billion in five years to foster small and medium-scale enterprise activity to improve investment climate in Africa. France has pledged to improve the legal environment for business in Africa and has made 70 million Euros available to guarantee a facility for investment in Africa (UN, 2005).

## *Debt*

The G8 meeting in Gleneagles agreed to a proposal to cancel 100 percent of outstanding debts of eligible HIPC to the IMF, International Development Association (IDA) and African Development Fund by countries that are participants in the Heavily Indebted Poor Countries (HIPC) Initiative. As of June 2006, existing HIPC initiative has delivered debt relief to 15 African countries (UN, 2006b). Studies have shown that debt relief under the HIPC initiative will increase the annual per capita GDP growth rates of countries by 0.8 to 1.1 percentage points (Hammouda, et al 2006).

Two important initiatives undertaken by the donor community to address the debt issue are the Multilateral and Bilateral Debt Relief Initiatives. Under the Multilateral Debt Relief Initiative (MDRI) donor countries are committed to providing additional resources to the three international financial institutions mentioned above to ensure that debt forgiveness does not erode their financial capacity. Also under the MDRI, debt relief

is granted to HIPC countries that since the completion point have demonstrated satisfactory performance in three key areas of macroeconomic policy, implementation of PRS and strengthening public expenditure management system. The MDRI is expected to reduce debt burden indicators for African countries and provide additional financial resources to promote growth and human development (UN, 2006b).

Under the Bilateral Debt Relief Initiatives, individual donors have extended significant debt write-off to some African countries. The Paris Club agreement signed in October 2005 and in June 2006 granted significant debt relief to Nigeria and Cameroon respectively. In December 2005, Zambia received 100 percent debt write-off from France, Japan, and the USA, while in January 2006, Denmark cancelled \$576 million of debt for eight African countries and Spain granted debt write-off of about 65 million Euro (UN, 2006b).

After increasing from US\$ 163 billion in 1982 to US\$309 billion in 1998, Africa's total debt decreased from 305 billion in 2001 to 297 billion in 2003. Africa's total external debt stock stood at \$282 billion in 2005, down from \$305.8 billion in 2004 (IMF, 2006). Although the debt stock declined considerably relative to GDP (from 35 percent in 2005 to 26.2 percent in 2006) total debt service obligations remained almost unchanged (4.2 percent in 2005 and 4.1 percent in 2006) because of higher interest rates (ECA, 2007). Debt service obligations have been on the rise since 2002 and stood at \$34.6 billion, following a decline from \$32.8 billion in 1977 to \$21.3 billion in 2002. However, in relative terms, the average debt burden for the continent has been declining since the early 1990s. From a peak of 31 percent in 1992, the debt service/exports ratio declined to 11.2 percent in 2005. The debt/GDP ratio declined from 74 percent to 35 percent in 2005.

## 6.2.2 Challenges and constraints

The low saving and investment rates in SSA countries have increased the role and importance of external resources in financing development in the subregion. It has also increased the challenges that the subregion faces in financing development.

While there have been significant increases in ODA from 2001 through 2005, there is concern that ODA may not be on track to meet the 2010 commitments. ODA must increase by \$4 billion to Africa in 2006 and each year thereafter, but the amount of aid is not rising fast enough in G8 countries. Much of the observed increase is in the form of emergency aid, debt relief and technical assistance that do not necessarily mean financial transfer to developing countries (UN, 2006). There is therefore the challenge of donors honoring their pledges. Additionally, there are four major challenges to aid acquisition. They include: how to improve the effectiveness, and increase absorptive capacity of aid in recipient countries; how to prevent aid dependency through increased internal revenue mobilization; how to maintain domestic revenue levels during period of aid inflows; and how to ensure that aid does not lead to loss of competitiveness through real exchange rate overvaluation (Dutch Disease).

On FDI, it was noted that while there is some level of sectoral diversification of FDI in Africa, the bulk of the flows go into the natural resources sector. Given that the natural resources sector has few linkages with the rest of the economy, the concentration of FDI in this sector may constrain domestic investment in Africa (ECA, 2006). Therefore, the challenge of attracting sustained private capital flows, including remittances, and ensuring that they are in sectors with high value-added and employment impact.

Despite the fact that debt service obligations are reducing at the continent level, at a disaggregated level, they continue to represent a drain on national resources, with many African countries spending more on debt service than on social services such as education and health. Thus debt service is still a critical constraint to development of the continent. The hope that Africa's external debt would be significantly reduced under the Heavily Indebted Poor Countries (HIPCs) Initiative, and later its enhanced version, would stimulate private capital inflows, has been slow to materialize. While debt forgiveness is welcome, this is insufficient to meet

the development financing needs of African countries. The debt owed by SSA countries that qualify for debt write offs under the MDRI represents only 25 percent of the continent's debt stock (ECA, 2006). This presents the challenge of finding an effective and sustainable solution to the external debt crises facing several African countries, in order to release resources for development finance.

### **6.2.3 Lessons learned and the way forward**

It has been observed that capital flows in general are not targeted to sectors that will lead to the sustainable development of African countries. Capital flows policies should be better integrated into national industrial policy by providing incentives in foreign investments that are export oriented and have large positive impacts on employment creation. African countries should design mechanisms for monitoring and managing capital flows by developing statistical capacity to track capital flows and monitoring signs of financial fragility.

African countries need to design strategies to increase the contribution of the Diaspora to economic development through incentives and allocating higher proportions of remittances to investment. In addition, returns to human capital should be increased in order to retain human capital.

Estimates have shown that African countries will still need higher volumes of aid in the coming years in order to achieve and sustain higher levels of GDP growth rates and to accelerate poverty reduction. With improvements in macroeconomic policies and institutions, and strong commitment by governments to target growth and poverty activities in the allocation of aid, it is possible for African countries to absorb higher levels of aid and reap more benefits from aid (Commission for Africa, 2005). New aid should be in the form of grants to prevent a new round of external payment crisis. To prevent excessive dependence on aid, African countries should boost efforts to increase domestic revenue mobilization through increased savings, higher tax revenues and reduced capital flight, as well as the use of international trade as a vehicle for resource mobilization.

To build on the current increased momentum of ODA, African countries need to show commitment to economic and social reforms. The increased support for Africa should also be matched by a renewed effort to create effective processes for aid delivery and effectiveness, including significantly improved coordination of aid among donors.

Given the fact that significant amount of FDI goes into sectors with very little linkages and impacts on national economies, countries must design better investment strategies to attract FDI into the manufacturing and service sectors. There is more opportunity to do so now since the sources of FDI are increasing. To this end, policy makers should improve incentives for investments that promote both domestic and foreign investment. Also governments should invest more in education and skills development and adopt measures to retain human capital, in order to attract investments in higher value-added activities.

The past debt problems of Africa implies that there is the need for a comprehensive integrated approach that would enhance growth, increase exports and raise domestic savings. The strategy should include, increasing development aid, putting in place mechanisms to ensure that resources released from debt relief are invested in productive activities. To this end, African countries should strengthen their expenditure management system and manage post-relief borrowing to prevent the deterioration of their long-term debt sustainability.

The cancellation of the debt of 15 African countries by the G8 Finance Ministers is highly welcome. It has however been recommended that the MDRI include both the HIPC-eligible African countries that have not met the performance criteria and the non-HIPC African countries, including the middle- income African countries that are not part of the HIPC Initiative.

The diversification of Africa's economic and export structures has long been recognized as essential to the sustained growth and accelerated development of the region. International support for Africa's diversification efforts must be accorded very high priority to help African countries develop programmes to process their primary commodities, build trade-related infrastructure and institutions and improve the quality of their exports. Aid for trade measures must complement and not substitute for efforts to improve market access for African exports and to strengthen Africa's participation in world trade. Using these as background for cooperation will address most of the challenges.

## 6.3 South-South cooperation

In addition to the official multilateral and bilateral donor support for Africa, South-South Cooperation holds promise for the future development of Africa. Of particular importance are the China-Africa, Japan-Africa, India-Africa and other Asia-African cooperation.

### 6.3.1 Concrete actions taken and progress made

#### *China-Africa cooperation*

The first ministerial conference of the China-Africa Cooperation Forum (FOCAC) was held in Beijing, China, in 2000. The conference reached a broad consensus about establishing a fair and just international political and economic order in the 21<sup>st</sup> century, and discussed how to promote Sino-African economic and trade cooperation. The two official documents adopted at the meeting namely, The Beijing Declaration and the Programme for China-Africa Cooperation in Economic and Social Development, lay the framework for China and Africa to build long-standing, stable and mutually beneficial new relations. To strengthen the FOCAC mechanism and better implement its follow-up actions, the Chinese side established its FOCAC Follow-up Committee in December 2001, which is composed of senior officials from 21 ministries, commissions and agencies. Some African countries, such as Ethiopia, Gabon, Zambia, and the Sudan, have also set up their own institutions for follow-up actions.

The fourth senior officials meeting of the Forum on China-Africa Cooperation, convened in Beijing in August 2005, conducted a mid-term evaluation of the implementation of the Addis Ababa Action Plan for 2004-2006 adopted at the second ministerial conference of the Forum in December 2003. The meeting welcomed the commitment of the African countries and China to jointly work towards the attainment of the objectives and ideals of Africa's socio-economic rebirth as embodied by the NEPAD programmes. The meeting agreed that the two sides have achieved positive results in their cooperation in a number of areas including economic development, trade, human resource training, public health and infrastructure, especially roads and energy (UN, 2006b).

The third summit of the Forum on China-Africa Cooperation was held in 2006. It marked the biggest-ever gathering between Chinese and African leaders. All 48 African countries that have diplomatic relations with China took part. Building on several years of growing exchanges between China and Africa, the summit approved a three-year action plan (2007-2009) to forge a "new type of strategic partnership", which would be based on pragmatic cooperation, equality and mutual benefit. China also re-affirmed its support to the AU, including building a new Conference Centre at the AU headquarters in Addis Ababa. It likewise reaffirmed its commitment to NEPAD (Harsch, 2007).

Chinese foreign investment in Africa has grown spectacularly since the early 1990s. According to a recent study by the OECD, flows of Chinese direct investment into Africa in 2003 reached \$107 million, more than

100 times the annual level in 1991. Today, some 700 Chinese firms are estimated to hold a total investment stock of \$6.3 billion in Africa. The Beijing summit brought a dozen major new investment agreements totaling \$1.9 billion. They included deals to build expressways in Nigeria, a telephone network in rural Ghana and an aluminum smelter in Egypt (Harsch 2007).

### ***Other Asian Cooperation***

The Asian-Africa Trade and Investment Conference held under the Tokyo International Conference on African Development (TICAD) in Tokyo in November 2004 emphasized poverty reduction through growth as an important goal of Asia-Africa cooperation and underlined that increased trade and investment between the two regions would make a significant contribution to the implementation of NEPAD. There was a follow-up signing of a “TICAD-NEPAD Joint Policy Framework for the Promotion of Trade and Investment between Africa and Asia” (UN, 2005).

In April 2005, the Asian-African Summit was held in Jakarta. The Asian and African leaders affirmed strong support for NEPAD and endorsed the need to promote practical cooperation between the two regions in areas such as trade, tourism, investment, industry, finance, ICT, energy, health, agriculture and transportation. The Second Summit held in Doha in June 2005 also committed to support programmes drawn up by African leaders within the framework of (UN, 2005).

Under the auspices of the TICAD, an international conference on consolidating peace in post-conflict African countries was organized by Japan, the UN, UNDP, the Global Coalition for Africa and the World Bank in February 2006 in Addis Ababa. The conference brought together the experiences and lessons acquired in Africa and other regions and put forward recommendations for effective ways to promote peace consolidation in Africa (UN, 2006b).

India has created a line of credit of \$200 million for cooperation on NEPAD projects and has separately allocated \$500 million out of which agreements amounting to \$282 million have been signed under the Techno-Economic Approach for Africa-India Movement, through which assistance is being offered to eight West African countries in projects including urban transport, basic industries, power generation, infrastructure and ICT. The beneficiary countries are Burkina Faso, Chad, Cote d'Ivoire, Equatorial Guinea, Ghana, Guinea-Bissau, Mali and Senegal, (UN, 2006).

### **6.3.2 Challenges and constraints**

The huge economic and technical cooperation that is taking place with China is laudable. However, there are challenges. Some African commentators have pointed to shortcomings in China's economic involvement in Africa. They have cited the limited regard for environmental and safety standards of some Chinese companies and their tendency to bring in Chinese workers rather than hire Africans. (Harsch 2007).

The nature of trade flows, exports of oil and other raw materials to China and imports of inexpensive manufactured Chinese textiles and clothing seems to follow the old trading relationship between Africa and Europe/America that has led to the poor situation of African countries. This trade pattern negatively affects Africa's own trade objectives.

### **6.3.3 Lessons learned and the way forward**

The sustainable development paradigm ensures that development meets economic, social and environmental concerns. Using sustainable development approaches, as the model for development cooperation with Asia should ensure that most of the challenges outlined above are addressed. The call for a balanced growth of

China-Africa trade is a step in the right direction. The decision to more than double the number of African products allowed into China duty-free- a Chinese pledge to voluntarily cap clothing exports to South Africa, is an important response to that call (Harsch 2007).

## 6.4 Globalization and trade

The pace of globalization of the world economy continues unabated. Capital movements in the form of pure Foreign Direct Investments (FDIs), mergers and acquisitions resulting in ever larger transnational corporations, especially in the services sector, and world trade in goods continue to grow. And while the speed and structure of these changes vary across sectors, it is reasonable to conclude that globalization is alive and well, in spite of some of the hiccups especially in the global trade negotiations arena. However, while the developments present opportunities for those economies that are able to exploit them, they also pose new and major challenges for African countries. Consequently, despite the great opportunities globalization offers, its benefits are still not felt by Africa.

As ECA (2007) notes in its Economic Report on Africa 2007, Africa still remains marginalized despite the double-digit trade growth realized in the first half of this decade. It is true that over the last six years, Africa has increased its exports by 16 percent annually on average, a growth rate that is well above the overall world merchandise exports average growth rate of 10.4 percent. However, it is now clear that the rapid increase in Africa's exports is concentrated in oil-exporting Sub-Saharan African (SSA) countries. Moreover, even with the commodities driven recovery, Africa's share of global exports in merchandise remains historically low. The continent's share in global exports in 2005 was 2.8 percent only, roughly equivalent to its 1991 value and less than half its peak value of six percent achieved in 1980. And as ECA (2007) further suggests, the future gains for Africa from globalisation through trade are not assured since this recent appearance of a catch-up by its exports is not based on the diversification of the export base, but rather on increased oil exports.

In recognition of the major role that trade can play in achieving sustainable development and in eradicating poverty, WSSD encouraged members of World Trade Organization (WTO) to pursue the work programme agreed at their Fourth Ministerial Conference, in order for developing countries, especially the least developed among them, to secure their share in the growth of world trade commensurate with the needs of their economic development. Furthermore, the JPOI in its Africa chapter, urges the international community to improve market access for goods, including goods originating from African countries, in particular least developed countries, within the framework of the Doha Ministerial Declaration. NEPAD enjoins African Heads of State to participate actively in the world trading system and to ensure that the continent's special concerns, needs and interests are recognized in future WTO rules.

### 6.4.1 Concrete actions taken and progress made

***More engagement of African countries in the WTO negotiations:*** Probably one of the most significant developments has been the evolution of the participation of African countries in the actual negotiations. In the past negotiations, including the Uruguay Round, African countries played a peripheral role in the negotiations. But in the current Doha Round, African countries were not only engaged actively in the definition of the mandate for the negotiators, but have been active at every stage, as the negotiations progressed. This engagement does serve to highlight the concerns of Africa and its desire to ensure that multilateralism benefits all in an equitable way.

***Organization and more coordination of African countries in the negotiations:*** The visible engagement of African countries in the negotiations has been driven mainly by a more effective coordination of their participation. The

AU Commission has led the political efforts and the coordination of the negotiations. This coordination has been able to maintain a strong solidarity between African countries despite the diversity of their development levels. The current common negotiating framework that African countries are using to inform their positions in WTO has been developed under the coordination of the AU and was endorsed by the AU Summit in Banjul, The Gambia in July 2006.

**Technical support provided to African countries:** Another important development in the realm of trade negotiations has been the welcome coordinated support provided to African negotiators. Significant technical support by a lot of institutions has been provided to the political process spearheaded by the AU. The ECA has for instance been playing a major role through its African Trade Policy Center (ATPC) with the support of the Canada Fund for Africa and the Royal Danish Government. Other institutions are also playing key roles on the technical support to the political process. These include UNDP, UNCTAD, International Trade Center (ITC) and research networks such as the African Economic Research Consortium (AERC), Council for the Development of Social Science Research in Africa (CODESRIA) and International Lawyers and Economists against Poverty (ILEAP). Civil society organizations have also been active in advocating for African priorities in the trade negotiations. These include non-governmental organizations operating regionally and internationally. The Third World Network, South Center, OXFAM, among others, have played a major role in advocating issues of concern to African countries.

**African regional integration:** Fostering African regional integration has been a long-standing objective in the continent (see ECA 2006). Several African countries or groupings are involved in bilateral or trade negotiations in order to diversify their export markets and enhance their integration into the global economic system. For example, UEMOA countries are currently negotiating free trade agreements with several North-African countries. COMESA also agreed in its May 2007 Summit, to establish a customs union by the end of 2008. The East African customs union that came into force beginning of 2005 saw in June 2007, an expansion when Burundi and Rwanda were admitted. Similarly, the coordination between SADC-COMESA-EAC is a welcome development and that of ECOWAS-UEMOA. These initiatives will eventually lead to larger integration spaces that will allow room for African producers and exporters to finesse their competitiveness in order to enter the global trading system.

South-South trade: South Africa has been discussing with India and Latin American Common Markets (Mercosur) countries on a potential free trade agreement. With the recent explosion of trade flows between Africa, China and India, several countries also envisage talks with the two Asian nations.

## 6.4.2 Challenges and constraints

Africa's trade challenges persist. Africa as a region is likely to continue experiencing its current low level of integration in the global trading system unless its trade challenges are addressed. It is noteworthy that African trade challenges go beyond capacity constraints and are both external and internal.

**The external trade challenges:** These challenges relate mainly to the international trade environment that Africa faces. As a result, they have more to do with the market access difficulties that Africa's exports have to deal with. The main elements of the external trade challenges include tariff peaks, tariff escalation, export subsidies, domestic support policies in developed countries, non-tariff barriers, restrictive rules of origin in preference schemes, and market concentration. All these challenges, apart from market concentration, relate to exogenous policy decisions by African trading partners. The current Doha Round has a mandate to address most of these elements.

**The internal trade challenges:** The internal trade challenges that Africa faces are already well documented, and they have been the motivation for the need to strengthen development dimensions of the multilateral trading

system. The challenges range from institutional to infrastructure deficiencies and the main elements are: weak supply capacities; lack of skills towards better quality products; limited resources for research and development; trade finance; trade facilitation; weak port and transportation infrastructure; and internal trade barriers.

***Doha Round continue to disappoint:*** Unfortunately, progress has been limited and below the expectations of African countries. The limited progress from Doha in 2001 to-date is littered with many missed deadlines. In July 2006, the talks were suspended. And even after their resumption in February 2007, there are still major challenges to be surmounted, especially given the expiry of the “Fast-Track” Trade Promotion Authority on 30 June 2007 that is enjoyed by the White House, which would have enabled the realisation of a Doha Round agreement that is not too watered down in terms of ambition. One main reason for the deadlock in WTO negotiations appears to be primarily associated with disagreement with the levels of demand and offers on agriculture, a critical area for Africa’s development prospects. This lack of progress has clearly been a setback for the multilateral process, prohibiting the international community and especially poorer countries from significant improvements in the multilateral trading system.

***The EPAs as development tools not yet assured:*** Besides the efforts at WTO, which however have not borne any significant results at the modalities level, the rules of origin constraint is likely to be tackled in the case of EU preferences to Africa in the on-going EPA negotiations. But like the Doha Round, these negotiations are also at a crossroads. The ECA in its Economic Report on Africa 2007 puts it more bluntly by noting the growing concern in Africa that EPAs, while representing significant potential for growth and development, also pose great challenges in terms of adjustment costs. The standstill in WTO negotiations also complicates the EPA process. In the absence of evolutions on rules for preferential trade arrangements, important uncertainties remain on the degree of flexibility African countries would have on the length of transition periods and on the coverage of liberalisation. EPA negotiations are probably the major task ahead of African trade policy makers, especially given the slow pace of the Doha Round. They pose great challenges but also real opportunities in terms of development for the continent.

***AGOA and EBA not enough without addressing Africa’s trade challenges:*** The US under its AGOA initiative has managed to extend the period under which African countries are still permitted to source inputs, especially fabrics from third countries to 2013. This has been a welcome development. So far, 37 African countries are eligible to the African Growth Opportunity Act (AGOA), which grants African countries quasi duty free quota free access to the US market. On the other hand, 34 African countries are LDCs and therefore are eligible to the European Union’s Everything-but-Arms (EBA) scheme. Other non-LDC African countries are either beneficiaries of the EU’s General System of Preferences (GSP) or are party to a bilateral Free Trade Agreement (FTA) with the EU.

Other duty-free quota-free market access programmes by countries such as Japan, Canada, complement these two schemes and other developed and advanced developing countries under the aegis of the Duty-Free, Quota-Free (DFQF) deal from the Hong Kong Ministerial Conference of December 2005. However, market access alone without addressing the internal trade challenges, is not sufficient to help African countries participate in and enjoy the globalisation process.

***Case for Aid for Trade to help Africa maximize benefits from globalization:*** Even if the external trade challenges faced by Africa were to be addressed either through the Doha Round, the EPA negotiations, and other bilateral arrangements, Africa is unlikely to witness any dramatic change in its development prospects through trade for several reasons. Indeed, in the context of negotiations, research at ECA has shown that while there are gains still to be realized from the market access agenda in WTO, most of these gains could accrue to other developing countries (Karingi et al. 2007). There will be little benefits for Africa from the multilateral negotiations given the current structure of African economies, and so their marginalization in the global trading system is likely to continue. African countries lack the capacity to exploit the trading opportunities that might be presented by the solutions to the external challenges. And it is this lack of capacity to exploit

trading opportunities that proponents of Aid for Trade (AFT) expect to address. The capacity-enhancing investments in economic and social infrastructure and removal of supply constraints all require significant amount of resources.

### **6.4.3 Lessons learned and the way forward**

Coordination and harmonization of policies and positions are crucial to the success of African countries endeavors in the global trading system. So far, the negotiations results reflect and capture a lot of the issues that African countries have presented as their positions. For example, in areas such as agriculture negotiations, the discussions to this point in the Doha Round recognize that the overall ambition of the Round will be determined by how well it addresses those concerns of African countries e.g. tariff peaks, tariff escalation, removal of export subsidies, reform of domestic support measures etc.

Another important lesson relates to the need to combine trade reforms with complementary adjustment support measures. Unlike in previous trade agreements, it is now generally accepted that African countries cannot participate fully in the global trading system until and unless trade reforms are complemented with strong adjustment support in the real sectors, infrastructure, and institutions. Hence, both the major negotiations that Africa is engaged in; WTO and EPAs, foresee agreements that will have strong and broadly defined Aid for Trade facility.

## **6.5 Regional integration**

Regional integration and the creation of an African common market has been a vision of African leaders since the early years of independence. The leadership of the new independent Africa realized earlier on that political freedom goes in tandem with full economic powers. It was therefore important to the leadership that continental economic integration is achieved. The leadership also believed that economic synergy could be gained from economic integration, as the economic advantage of a whole regional community is greater than the sum of the economic advantage of its separate member states. The need for economic integration was also propelled by a new world economic order, with the formation of regional blocks across all the continents, borderless globalisation, advances in information and communication technology and multilateral trade negotiations under the WTO, among others.

WSSD urged the international community to support African countries to improve regional trade and economic integration between African countries and to attract and increase investment in regional market infrastructure. NEPAD acknowledges the need for African countries to pool resources and enhance regional development and economic integration, in order to improve their international competitiveness.

### **6.5.1 Concrete actions taken and progress made**

In the last two decades, African leaders have rekindled their goal of establishing a continental African Economic Union. The 1980 Lagos Plan of Action (LPA) of the then Organization of African Unity (OAU) emphasizes a greater need for a pan-African programme of economic cooperation and integration. The leadership of the continent re-echoed their commitment of an integrated Africa and followed up the LPA with the proclamation of the 1991 Abuja Treaty, which calls for the establishment of the African Economic Community (AEC).

Under the framework of the Abuja Treaty, Africa would become an economic union by 2027, with a common currency, full mobility of the factors of production and free trade among the 53 countries that make up the

continent. To achieve this vision, Article Six of the Treaty lays down a timetable for the process of integration, or the creation of the AEC to be carried out over a period of 34 years (1994-2027), in six different stages of different duration. However, the Sirte Declaration of 1999 and the Constitutive Act, which transformed the OAU into the African Union, find the timeframe for the Abuja Treaty too long, and call for the speeding up of the integration agenda.

Africa is making some progress in its attempts to integrate. However, the results are mixed. Improvements have been made in the areas of trade, communications, macroeconomic policies, and transportation. The West African Economic and Monetary Union (UEMOA), the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA), have made significant progress in trade liberalization and facilitation. In the area of movement of people, the Economic Community of West African States (ECOWAS) has made remarkable strides. The Southern African Development Community (SADC) and the East African Community (EAC) have progressed in the area of infrastructure. For peace and security, ECOWAS and SADC have to be commended for gains made.

In the transportation sector, RECs are embarking on methods to promote unrestricted facilitation, reduce cost and improve overall efficiency. However, it still remains that transport costs in Africa are exorbitant. Also, one finds that throughout the continent, many road, air and rail networks are not connected.

Regional integration has brought marked improvements in the communication sector in some parts of the continent. This may be in part, due to the global revolution in the telecommunication technology and the growing commercialization and privatization of national services. While SADC, ECOWAS, COMESA, the Arab Maghreb Union (UMA in French) have increased connectivity, the Central African Economic and Monetary Community (CEMAC), ECCAS, the Economic Community of Great Lakes Countries (CEPGL) are lagging far behind.

There are checked results to report in the areas of energy. With the aim of minimizing energy costs, RECs are exploiting economies of scale through larger supply systems and developing benign power sources. Some member States in ECOWAS, SADC and EAC have made appreciable progress.

Knowledge sharing on best practices among RECs is a product of regional integration. For example, the Southern African Centre serves SADC region for Cooperation in Agricultural Research and training in Southern Africa.

On free mobility of people, ECOWAS and the EAC have made significant progress. In an attempt to eradicate barriers to cross-border movements of people, ECOWAS has introduced the ECOWAS Passport. The EAC has also introduced a common passport valid within the community, to facilitate cross-border movement of the nationals of its members.

On the production and use of public goods through collective efforts and resource pooling, not much can be said. However, ECOWAS and SADC have had success in the area of peace and security. Progress needs to be made in programmes for combating crimes, HIV/AIDS, technological backwardness and in harnessing physical resources.

## 6.5.2 Challenges and constraints

***Overlap and duplication of integration groupings and multiplicity of membership:*** The multiple memberships of countries in various RECs, the overlap and duplication of functions of the RECs also act as stumbling blocks to the integration agenda. With the exception of a few countries, most African countries belong to more than one REC. The goals and objectives of the integration institutions are very similar. The existence of multiple

RECs and overlapping membership in Africa's integration process therefore create unhealthy multiplication and duplication of efforts and the misuse of the continent's scarce resources. Moreover, by being affiliated to more than one REC, African countries become partially committed to the full integration process, as their loyalty is shared among the RECs they belong to.

***Fear of losing sovereignty:*** Member countries of RECs have not followed integration arrangements in the strict sense, because they fear that the costs of losing sovereignty far outweighs the costs of not implementing integration policies. Most Secretariats of the RECs have no legal power to ensure that member countries fulfill their obligations, rendering the road to the AEC very bumpy.

***Lack of a compensation mechanism:*** The lack of a compensation mechanism for the losers of the integration process also acts as a constraint for the full implementation of integration schemes. Tariffs and other trade taxes account for a large share of the revenues for many African countries. The potential loss of this size of revenue, if all the protocols of the integration process are implemented, could inhibit the integration process, even if the potential benefits of integration outweigh the cost. In addition, if countries are at different stages of development, the gains from integration are disproportionate, thereby making some member countries reluctant to fully commit to the integration process. Moreover, where there is an agreement on the gainers compensating the losers, it is not clear how a sustainable working formula could be agreed upon. This issue stands out as very contentious for the RECs and an amicable solution is yet to be arrived at.

***Weak infrastructure:*** Economic integration on the continent would not be successful without physical integration. However, compared to world standards, Africa's infrastructure network is generally very weak. The total length of roads in Africa is two million kilometers, out of which about 28 percent is asphalted. The railway network on the continent is very poor in many parts of the continent, particularly West and Central Africa. The maritime transport and port, which accounts for about 95 percent of Africa's international trade, are fitted with sub-standard equipment. Compounding the problems of inadequate infrastructure, are the numerous roadblocks on African highways, delays at border posts, long and inappropriate customs clearance and corrupt officials.

***Poor macroeconomic environment:*** The success of regional integration also hinges critically on member countries pursuing convergent macroeconomic policies. Misalignments of tariffs, inflation, exchange rates, debt to GDP ratios, rate of money growth and other vital macroeconomic variables between member countries, would be disruptive to the regional integration process. In addition, these misalignments could lead to rent-seeking activities by government and private individuals that could stifle legitimate investment opportunities. This could contribute to the demise of the economy of a member country, weakening the whole integration process. It is therefore imperative that the process of strengthening regional integration includes guidelines for the convergence of macroeconomic and trade policies of the entire region, so as to strengthen the overall regional integration agenda.

***Weak financial environment:*** Strengthening and deepening Africa's financial markets and institutions are also essential for mobilizing financial resources needed to finance integration projects such as infrastructure. These institutions also enhance the payment system and contribute to facilitating trade within and outside the regional communities. In addition to improving the financial markets, efforts must be made to encourage RECs to establish development banks in their regions to assist member countries in financing infrastructure projects. However, the integration of the financial markets in Africa requires the harmonization of national policies and procedures governing these markets and institutions across member countries.

### 6.5.3 Lessons learned and the way forward

Regional integration offers the most credible strategy for tackling Africa's development challenges, internal and external, because many of the weaknesses described above overwhelm the limited capacities and resources of individual countries. Collective efforts, with dynamic political commitment to integration, can help overcome many daunting challenges.

Deepening regional integration in Africa would require a thorough assessment of integration performance at the national, regional, and continental levels, taking into account new continental and global realities. A key objective must be to expand opportunities for investment that increase African incomes and tap unexploited resources—reducing dependence on the outside world and creating conditions for self-sustained, autonomous development. Such development can come about only by transforming Africa's production structures.

Understanding the role of cooperation and integration in meeting the challenges of African development also requires going beyond traditional issues to objectives not strictly covered by RECs. Peace and security, environmental issues, and Africa's global commitments cannot be divorced from the concerns of regional integration. In some parts of Africa conflicts and instability have stalled regional integration. HIV/AIDS, malaria, and other infectious diseases threaten to thwart integration in vast parts of the continent. And globalization poses enormous challenges to Africa's economic prospects. All these issues need to be included in an assessment of regional integration in Africa.

Africa's integration faces enormous constraints and challenges. Some are due to overly ambitious goals relative to limited resources and capacities. But given the many issues that Africa must overcome to maintain and achieve respectable growth, the lack of significant achievements is not surprising. The systemic problems that hamper the development of national economies also impede Africa's integration.

## 6.6 Transport for sustainable development

Efficient transport infrastructure and services are vital prerequisites for Africa's development and integration. Interregional and overseas transport facilitates the expansion of trade. In a rapidly changing international environment characterized by globalization and competition, coupled with the challenges of economic integration and international trade, sound transport infrastructure network and services will facilitate the continent's full participation in the globalization process.

Transport integration in Africa would facilitate the creation of a single economic space that would lead to free movement of goods and people. For transport to play its role and have an effective impact on the integration of the continent, there will be a need for: physical integration of networks; operational integration; user-service provider interface; convergence of policies; joint planning and development of transport facilities and systems; harmonization of standards; joint cross-border operations; cross-border investments; and accession to international treaties and conventions.

During the last decade, transport development has made some positive contributions to the economic development of Africa. At the same time, it has constituted an important source of externalities, which are not internalized in many cases due to the failure of national policies in reaching the aim of equalizing private and social cost, as well as satisfying the needs of users. The current development of transport is still neither satisfactory, nor has it contributed to reducing poverty in Africa, particularly in rural areas where most of the poor, especially women, live. Provision of good transportation services and infrastructure constitutes a necessary precondition for African economic growth.

WSSD recognized the need for an integrated approach to policy-making at the national, regional and local levels for transport services and systems to promote sustainable development. In its Africa chapter, the JPOI advocates for support to African efforts to develop affordable transport systems and infrastructure that promote sustainable development and connectivity in Africa. Transport is an integral component of NEPAD's infrastructure programme. The sector objectives are to: reduce delays in cross-border movement of people, goods and services; reduce waiting time in ports; promote economic activity and cross-border trade through improved land transport linkages; and increase air passenger and freight linkages across Africa's subregions.

## 6.6.1 Concrete actions taken and progress made

### *At the policy level*

At the request of African countries the United Nations General Assembly declared 1978-88 the first Transport and Communications Decade for Africa (UNTACDA I) and 1991-2000 the second Transport and Communications Decade for Africa (UNTACDA II). The decades focused the attention of development partners on Africa's infrastructure. As a result, programmes were developed to establish an efficient integrated transport and communications system, as a basis for physical integration and trade. In March 2002, African countries adopted the successor arrangement of UNTACDA II, which provides the following vision to transport development in Africa: "Develop integrated transport and communication systems to provide the continent with safe, reliable, efficient and affordable infrastructure and services, so as to promote regional integration, address the needs of the poor, reduce the impact of HIV/AIDS, empower women, underpin economic growth and enhance Africa's position in the global markets"

African countries and RECs have been making serious efforts over the past years to expand their transport infrastructure and improve their services to ensure their sustainable development. In this regard, many policy reforms have taken place to attract the private sector and to establish road funds. However, due to lack of appropriate policy frameworks in the sector and the problems associated with institutional structures, the growth and efficiency of the sector has been impeded. The Trans-African Highways programme (TAH) was conceived in the early 1970s. ECA, AfDB and the African Union (AU) are its main promoters. The TAH programme is composed of sections of trunk roads, which make up the principal Trans-African routes and the adjacent access roads serving the different sub-regions; but the missing links are high, constituting about 33 percent of the total links.

Africa has 15 landlocked countries and their transportation needs to the seaports have to be adequately provided for. Cumbersome administrative procedures and poor facilities within transit countries are detrimental to the advancement of international trade in these landlocked countries. To address these bottlenecks, a number of transport corridors have been identified for development. In this connection, many of such landlocked countries and their coastal neighbors have developed bilateral and multilateral agreements to facilitate the movement of goods and people, but these arrangements are being frustrated, since some of the major provisions are in conflict with national laws and regulations. In August 2003, the Almaty Programme of Action to address the special needs of landlocked developing countries was adopted. The Programme is a new global framework for transit transport cooperation for landlocked and transit developing countries, taking into account the interests of both landlocked and transit developing countries.

The Sub-Saharan African Transport Policy (SSATP), a joint initiative of ECA and the World Bank, aims at promoting and facilitating integrated policies and strategies for transport sector capacity building. SSATP is a partnership involving 33 African countries and several donors. The programme defined a long-term development plan for 2008-2011, to boost the transport development agendas of the member countries, the RECs and NEPAD, and to support poverty reduction and economic growth objectives. In an effort to

coordinate the transport activities of RECs, the Regional Economic Communities Transport Coordination Committee (REC-TCC) was established in 2005 with the support of SSATP.

In 2002, NEPAD developed the Infrastructure Programme Short-Term Action Plan (STAP) to bridge the gaps of infrastructure and services in African countries. For each of the infrastructure sectors – transport, communications, energy, and water and sanitation – the plan covers four common areas, namely (i) facilitation – establishment of policy, regulatory and institutional framework to create suitable environment for investment and efficient operations; (ii) capacity building initiatives to empower particularly the implementation institutions to meet their mandates; (iii) physical or capital investment projects; and (iv) studies to prepare new priority projects.

In April 2005 the Conference of African Ministers in charge of transport adopted a matrix of transport targets and indicators for the realization of the MDGs. The outcome of the conference was endorsed by the AU Summit in Sirte, Libya in July 2005 and subsequently submitted to the UN General Assembly in September the same year, as part of the contribution of Africa in the review of the implementation of the MDGs.

### ***Financial efforts to support infrastructure development***

To advance economic integration, RECs have established institutions to support regional financial cooperation. Regional development banks operate in CEMAC, COMESA, EAC, ECOWAS, UEMOA, and UMA. These institutions provide finance to undertake projects at the national and regional levels. In SADC the South African Development Bank serves the interest of all community members. Some RECs such as UEMOA and CEMAC have also created special funds for community development used for financing projects with the potential to promote regional integration.

In recent years a number of infrastructure funds have been created in Africa. For example, the NEPAD-Infrastructure Project Preparation Facility (NEPAD-IPPF) was established in 2003 with seed funding from the Canadian Government. In 2005, it was transformed into a multi-donor facility. The key objective of NEPAD-IPPF is to assist African countries, RECs and related infrastructure development institutions, to prepare high quality, viable regional infrastructure projects in energy, transboundary water resources management, transport, and ICT, which would be ready to solicit financing from public and private sources in support of the objectives of NEPAD. A secondary objective of the NEPAD-IPPF, is to support the creation of an enabling environment of private sector participation in infrastructure, as well as support targeted capacity building initiatives in infrastructure development to enhance the sustainability of existing and planned infrastructure on the continent.

### ***Progress***

Currently, Africa's road network is about 2,299,070 km. This is 234,457 km or 11.36 percent longer than what was reported at the end of UNTACDA II in 2000. All the subregions of the continent have also witnessed increases in their road networks, although to varying degrees (World Fact Book, 2006). The African rail network is currently estimated at 89,380 km, and the density at 2.97 km per 1,000 square km. The network situation is as follows: North Africa – 19,931 km -; West Africa – 9,717 km; Central Africa – 2,526 km; East Africa – 19,293 km -; and Southern Africa – 38, 513 km.

Maritime transport accounts for over 90 percent of Africa's international trade. Facilitation in this sub-sector is vital both for the continent's economy and for the world economy, particularly in this era of globalization and liberalization. Ports are therefore important hubs having a major impact on economic development on the domestic scene and internationally. Africa has around 80 major ports along its entire littoral. Liberalization

policies, better port management, increased competition among ports, as well as competitive strategies on the part of ship owners have led to substantial improvement in the productivity of some African ports.

Air transport plays a critical role in African integration and development; the sub-sector has received a major breakthrough since the adoption of the Yamoussoukro Decision in 1999. The Decision resulted in speeding up the liberalization of access to air transport market in the region. It also brought airport and air space management reforms, which showed a better advantage of competition resulting from free access to the air transport. Africa has 117 international airports, which handle 5.2 percent of passengers and 3.6 percent of freight traffic of global air transport. The Yamoussoukro Decision has the potential to significantly improve the sector in the continent. However, inadequate infrastructure in many African countries and the reluctance of some countries to implement the Decision may hamper the full realization of this potential.

### **6.6.2 Challenges and constraints**

In general, transport infrastructure and services development in Africa face the following challenges: lack of appropriate and adequate policy coordination and implementation; inadequate financing for expansion and maintenance; lack of appropriate human and institutional capacity; inadequate safety and security; unexploited technological development; lack of appropriate database; poor transport facilitation measures; high transportation costs; disjointed and inappropriate networks; and poor contribution to urban and rural development and poverty reduction.

### **6.6.3 Lessons learned and the way forward**

The transport sector is very important to the socio-economic development and integration of the continent. However, the financing requirements to reduce the gap between the performances of African transport, with those of the rest of the world are enormous. But infrastructure in Africa has to compete with other sectors, such as agriculture, health and education, for government resources.

On the way forward, the continent needs to adjust its policies, build physical and human capacities, modernize management, attract more private sector, improve transport facilitation, adopt appropriate corridor approach, reduce transportation cost, improve safety and security, take into account poverty reduction dimension in infrastructure development policies, and introduce new technologies.

To reposition Africa's transport systems, RECs need to be supported, but they also need to actively support other regional efforts to foster transport integration in Africa. With the support of such pan-African bodies such as AU, ECA and AfDB, RECs and African leaders need to build on successes of the past decade and emulate best practices elsewhere in the world. This will require good governance, and improved peace and security.

## **6.7 Science, technology and innovation for sustainable development**

Science, Technology and Innovation (STI), has an important role to play in the attainment of the continent's sustainable development objectives. Yet, this is one of the most neglected sectors in the development drive of countries. Throughout the 1980s and 1990s, science and technology investments were not prioritized despite considerable empirical evidence from South-East Asia and other regions showing that investment in science and technology yields direct and indirect benefits to national economies. Africa's continued low investment in

science and technology is also manifested in the declining quality of science and engineering education at all levels of educational systems. There are very few Research and Development (R&D) experts in the continent. In many countries, infrastructure for R&D has been neglected and is decaying. Institutions of higher education, particularly universities and technical colleges, are in urgent need of renewal after many years of neglect and disorientation from local and national priorities. However, developments at the international and regional levels from 2000 to date provide new sources of optimism and action.

In the area of Information and Communications Technologies (ICTs), the world is currently entering what is commonly referred to as the Knowledge Society, which is driven by information and intellectual information products as the raw materials. In this context, the ability to transmit information over the information and communications infrastructure is a key resource for any nation to participate effectively in the global information society and to address the development challenges. The successful deployment of ICTs can contribute to sustainable development by closing the digital divide between the North and the South and within developing countries.

WSSD underlined the importance of science-based decision-making, by inter alia calling for: integrating scientists' advice into decision-making bodies; partnerships between scientific, public and private institutions; improved collaboration between natural and social scientists, and establishing regular channels for requesting and receiving advice between scientists and policy makers; making greater use of integrated scientific assessments, risk assessments and interdisciplinary and inter-sectoral approaches; and increasing the beneficial use of local and indigenous knowledge. Strengthening and creating centers for sustainable development in developing countries are encouraged, as well as networking with and between centers of scientific excellence and between science and education for sustainable development.

Furthermore, the Africa chapter of the JPOI made a strong call to the international community, to support African countries in developing effective science and technology institutions and research activities capable of developing and adapting to world-class technologies. The chapter also stipulates the following imperatives in the area of ICT: bridge the digital divide and create digital opportunity in terms of access, infrastructure and technology transfer and application through integrated initiatives for Africa; create an enabling environment to attract investment, accelerate existing and new programmes and projects to connect essential institutions and stimulate the adoption of ICT technologies in government and commerce programmes and other aspects of national economic and social life. Additionally, NEPAD emphasizes the importance of science and technology platforms and the imperative of bridging the digital divide, by investing in ICT.

## **6.7.1 Concrete actions taken and progress made**

### ***Regional initiatives***

The most significant development in STI for Africa in the last four years is the establishment of the NEPAD Science and Technology Consolidated Plan of Action (CPA) and the establishment of the African Ministerial Council on Science and Technology (AMCOST) of the AU that drives the CPA. The CPA identifies key priority areas for Africa to work on, and the strategies and policy processes for their implementation. Key thematic clusters include biodiversity, biotechnology and indigenous knowledge; energy, water and desertification; materials science, manufacturing, lasers and post-harvest technologies; mathematical sciences; information, communication and space science and technology. The implementation strategy envisages mobilization of a network of centers of excellence to do the work at national and regional levels. This model is underway in the biosciences, mathematics, materials, and water science and technology. Other clusters are to be rolled out in the 10-year lifetime of the CPA. Major initiatives are planned in STI indicators through an African STI Observatory.

Political leadership for the CPA is exercised by AMCOST, which recently initiated the AU Summit on science and technology that brought STI issues to the topmost agenda of the continent. Sub-regional cooperation in science, technology and innovation is strengthening, particularly in Southern Africa with the development of protocols for cooperation. UN supports NEPAD science and technology through its UN science and technology cluster consisting of over 10 agencies working through the Regional Consultation Mechanism (RCM) coordinated by ECA, in close collaboration with the AU Commission and AfDB.

African governments also recognize the importance of research and development in building an inclusive information society in the continent. In this context, ECA is spearheading knowledge building, research and innovation through the following institutions: the Inter University Council of East Africa; the Addis Ababa University; the Centre for Applied Linguistic of Cameroon; and the Eduardo Mondlane University in Mozambique. Projects being implemented in these institutions are yielding important results. These include, enhancing research capacities on software development, including the use local languages, and empowerment of entrepreneurs to establish knowledge-based companies.

Putting in place a Capable State is one of the objectives of African leaders towards meeting the MDGs and improving delivery of services to the population. Part of this government transformation in Africa is the introduction of e-government initiatives. This process is ongoing in several member States. In this regard, and in order to recognize countries' current efforts on e-government and also to stimulate new initiatives, ECA launched in May 2007, the Technology in Government Award (TIGA), which aims to encourage the use of ICTs in the delivery of public services. Sixteen projects benefited from the first Award.

### ***National actions***

Some African countries are in the process of establishing policies and institutions on STI for sustainable development, mainly in the form of National Environment Management Authorities. But these are mainly focused on the modern sectors of the economy and have not yet impacted traditional activities such as peasant agriculture. Recent focus on science-based Sustainable Modernization of Agriculture and Rural Transformation (SMART) through the CAADP and the African Green Revolution Alliance, headed by former UN Secretary General Kofi Annan, is very encouraging. Several countries are participating through plans for modernization of agriculture or agriculture-led industrialization strategies (Uganda, Malawi, Nigeria, Ghana and Ethiopia are promising examples).

Communities of practice in STI for sustainable development are getting strengthened in some countries and also regionally, to generate data and give policy advice for science-based decision making. This is particularly evident in Southern and Eastern Africa, and through the new Network of Science Academies in 14 African countries.

As regards ICT, most African countries have developed National Information and Communication Infrastructure (NICI) policies and plans in the framework of the African Information Society Initiative (AISI), which establishes the necessary guidelines and institutional mechanisms to promote an environment that is favorable to competition and investment.

### ***International community support***

There is renewed impetus in the international community's support to Africa in the area of STI. The UN Science and Technology Cluster in support of NEPAD is active in areas of STI policy review, basic sciences and engineering, STI indicators, science and technology parks, energy, water and desertification, ICT, African Green Revolution and biotechnology. The G-8 has made several major pledges, particularly in strengthening

university STI. African STI practitioners in the Diaspora are also involved in building world-class STI universities in Africa.

Traditional bilateral agencies and international NGOs such as Swedish Agency for Research Cooperation (SAREC), International Development Research Center (IDRC), International Foundation for Science (IFS), Third World Academy of Sciences (TWAS), International Council for Science (ICSU) and Consultative Group on International Agricultural Research (CGIAR) continue their focus on building STI capacities and communities in the basic sciences, engineering and agriculture. These have been complemented very recently by heightened activity of USA-based private foundations in the areas of agriculture (African Green Revolution Alliance) and health (Bill and Melinda Gates, Bill Clinton etc.) The World Bank and the AfDB have launched or re-launched STI strategies focusing on African STI. South-South cooperation is picking up through the Group of 77/ Consortium on Science, Technology and Innovation for the South (COSTIS), and through bilateral STI activities of Japan and emerging countries like India, China and Brazil. EU is ramping up its interest in EU-Africa research and development collaboration through partnerships with South Africa, ECA and African Academy of Sciences.

### **6.7.2 Challenges and constraints**

Inadequate awareness of the importance of STI for sustainable development, both at governmental and community levels, remains the main challenge. It leads to inadequate government leadership and investment in proper STI strategies, systems, policies, capacities and institutions. For example, most African countries devote about 0.2 percent of GDP to STI, far below the one percent called for in numerous declarations, and way below the four percent developed countries invest. Communities are unable to adopt STI in their economic activities in order to increase productivity, improve their quality of life and meet development goals. Unsustainable subsistence agriculture with inadequate STI inputs – scientific knowledge, tools and methods predominates. Inadequate capacity, institutional and policy frameworks to promote STI for sustainable development, prevails.

Other problems plaguing the continent's science, technology and innovation system include weak or no links between industry and science and technology institutions, a mismatch between research and development activities and national industrial development strategies and goals. As a result, research findings from public research institutions do not get accessed and used by local industries and particularly small and medium-sized enterprises.

Recent enhanced international interest in Africa's natural resources, especially from the West and the East, has raised concerns about Africa's capacity to participate in STI for the sustainable development and exploitation of these resources.

An ECA study has identified several bottlenecks, which prevent the continent from being competitive in the ICT sub-sector. These include high licensing fees, lack of national standards for Business Process Outsourcing (BPO), high infrastructure costs, difficulties in accessing finance for start-up / expansion of BPO operations, political instability and bureaucracy.

### **6.7.3 Lessons learned and the way forward**

Awareness raising, policy analysis and advocacy on issues of STI for sustainable development remain major opportunities for the international community. Opportunities are abound for the international community in STI through regional and interregional collaboration and networking.

There is a need to harness the enhanced international interest in Africa, which is leading to prospects of rapid growth, investment and opportunity.

Emerging sectors with such growth prospects include natural resources (led by oil, minerals and timber); infrastructure; energy; agriculture; biotechnology and ICTs. This harnessing can be achieved by building platforms for technological learning, technology transfer, capacity building and knowledge generation and sharing of best practices linked to the emerging sectors. ECA is developing one such platform between Africa and Europe, while the G77 and China have developed a South-South Consortium on Science, Technology and Innovation for the South (COSTIS). Both platforms represent a unique blend of political power and scientific and technical expertise, because they will provide a unique platform for governmental agencies responsible for funding research and development to interact with leaders in academia and industry.

The international community will benefit from closer collaboration with NEPAD, AU Commission and AfDB, and from mobilizing communities of practice and other stakeholders in STI for sustainable development.

An ECA study, which examined efforts made by member States on job creation taking advantages of the potentials of ICT in developing an information economy, recommends that African countries should position themselves especially in the areas of outsourcing, taking advantages of low wages, multi-lingual environment, favorable time zone, large pool of ICT graduates, Diaspora awareness and improved ICT infrastructure.

## 6.8 Capacity building

African governments have the responsibility to build institutions that suit the African reality, including those that are capable of supporting African democracy and nation building and creating circumstances in which people feel secure to carry out daily activities. Governments are responsible for creating policy environments, as well as the actual policies that give effect to their national programmes for economic and social development. Governments are also responsible for creating economic and investment environments in which business can thrive and economies can grow. Governments need to create a dispensation to protect precious natural and cultural heritages for generations to come. Increasingly, governments are also responsible for building alliances and partnerships across national borders since policy constraints will not be effectively addressed if attention is only paid to nation-state boundaries. Furthermore, the current global set-up requires countries to be able to engage in the global economy in an optimal manner. These roles of government demand capacity that might take different forms, all of which need building. Governments must embrace a broad perspective of capacity building in order to ensure appropriate capacity to fulfil their many different roles<sup>1</sup>.

NEPAD, which is underpinned by the energizing and revitalization of development institutions through the adoption of policies and strategies that will enable accelerating implementation of development initiatives and sustain economic growth over time, has a great stake in capacity building initiatives in the continent<sup>2</sup>. Given the role of the private sector in driving the development agenda forward, its partnership with governments in building adequate and appropriate capacity in countries is crucial. The AU/NEPAD defines Capacity building as a process of enabling individuals, groups, institutions or societies to define, articulate, engage and actualise their vision of developmental goals by building on their own resources and ideas and making strategic use of other available resources and ideas that can be organically applied to their situation/context. In this context, capacity building is seen to involve three focus areas namely, human resource development, organizational development and institutional development.

1 Adapted from a keynote address by Geraldine J Fraser-Moleketi, Minister for Public Service and Administration, South Africa and Chairperson of the 5th Pan African Conference of Ministers for Public and Civil Service at the occasion of the NEPAD workshop on Developing a Capacity Building Strategy for Africa, held in Johannesburg, South Africa 21 – 23 November 2006.

2 Ibid

WSSD called for enhancing and accelerating human, institutional and infrastructure capacity-building initiatives and promoting partnerships that respond to the specific needs of developing countries in the context of sustainable development. It also called for support to local, national, subregional and regional initiatives with action to develop, use and adapt knowledge and techniques and to enhance local, national, subregional and regional centers of excellence for education, research and training in order to strengthen the knowledge capacity of developing countries and countries with economies in transition through, inter alia, the mobilization from all sources of adequate financial and other resources, including new and additional resources.

Furthermore, the Summit enjoined the international community to provide technical and financial assistance to developing countries, including through the strengthening of capacity-building efforts, to: assess their own capacity development needs and opportunities at the individual, institutional and societal levels; design programmes for capacity-building and support for local, national and community-level programmes that focus on meeting the challenges of globalization more effectively and attaining the internationally agreed development goals, including those contained in the Millennium Declaration; develop the capacity of civil society, including youth to participate, as appropriate, in designing, implementing and reviewing sustainable development policies and strategies at all levels; and build, and where appropriate, strengthen national capacities for carrying out effective implementation of Agenda 21.

### **6.8.1 Concrete actions taken and progress made**

Building global support and partnerships with global and regional institutions is a necessary endeavor that generates commitment for the African capacity development effort. Forging strategic partnerships is not only important in resource mobilization, but also important with respect to technical assistance and sharing of lessons and best practice<sup>3</sup>. In this context, African countries have partnered with many institutions in an effort to address the challenges of capacity building in Africa. The World Bank has been at the forefront of such partnership. The Bank has contributed to the establishment of institutions such as the African Capacity Building Foundation (ACBF), launched the Partnership for Capacity Building in Africa (PACT) and has used its loan facilities to assist countries to build their capacity. Between 1995 and 2004, the World Bank provided some \$9 billion in lending and about \$900 million in grants and administrative budget to support public sector capacity building in Africa. Other agencies such as AfDB, UNDP and ECA have also been among the major players in advocating for, promoting or funding capacity building initiatives (ECA, 2007; [http://www.worldbank.org/ieg/africa\\_capacity\\_building/](http://www.worldbank.org/ieg/africa_capacity_building/), 08-10-07). Several other bilateral agencies and donors have also undertaken various aspects of capacity building in Africa. However, lack of coordination of these activities, leads to inefficiencies arising out of duplication of efforts and other problems.

ACBF, based in Harare, Zimbabwe, is an independent, capacity-building institution established on February 9, 1991 through the collaborative efforts of three multilateral institutions (AfDB, the World Bank and UNDP), African governments and bilateral donors. The Foundation has added value to capacity building, development management, good governance and poverty reduction, through the channeling of resources into building economic policy analysis and development management capacity in sub-Saharan Africa. <http://www.acbf-pact.org/aboutACBF/> 08-10-07. As at 2006, ACBF had committed more than US\$290 million to capacity building in some 40 African countries and in the strengthening of RECs to take forward more purposefully, commitment to regional integration. ACBF is a significant partner institution to NEPAD with which it signed a memorandum of understanding in January 2004, and of the AU, whose Commission it is providing capacity building support (Sako, S. 2006). The African Economic Research Consortium (AERC), established in 1988 and based in Nairobi undertakes advanced policy research and training in

3 Culled from the keynote address of the Minister for Public Service and Administration, the Republic of South Africa, at the 5th Pan African Conference of Ministers of Public Service 12-15 December 2005, Addis Ababa, Ethiopia.

economics and economic management on the continent. It promotes funded research among economics experts in Africa. It has also established training for MA degrees in Economics and Economic Policy Management in selected universities in the subregions of Africa.

The International Monetary Fund (IMF) launched a new Initiative in 2002 to support capacity building in Africa. The Initiative's strategic goal is to strengthen the capacity of African countries to design and implement their poverty-reducing strategies, as well as to improve the coordination of capacity-building Technical Assistance (TA) in the poverty reduction strategy paper (PRSP) process. The initiative therefore aims to increase the volume of Fund TA to Africa in its core areas of expertise, with a focus on capacity-building, as well as raise the effectiveness of TA through a more rapid and better-informed response, closer monitoring, and enhanced government accountability for TA outcomes. As part of the Initiative, three African Regional Technical Assistance Centers (AFRITACs) have been established. The East AFRITAC, opened in Dar es Salaam, Tanzania, in 2002, now serves seven countries in East Africa (Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, and Uganda). The West AFRITAC opened in Bamako, Mali, in 2003, to serve ten countries in West Africa (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Guinea, Mali, Mauritania, Niger, Senegal, and Togo). Most recently, in 2007, the Central AFRITAC was opened in Libreville, Gabon. The AFRITACs are financed by contributions from 24 donor partners, the IMF, as well as by in-kind contributions by host governments.

The Centers' activities take place in close cooperation with the AfDB and donor partners. This facilitates the design, implementation, and monitoring of ongoing TA programmes in member countries. Some training activities are carried out jointly with the ACBF of which the IMF is a member. The Fund participates in the activities of PACT, and is a member of its implementing agency, ACBF. The Fund's proposed contribution to ACBF's next five-year pledging period is \$4 million. This would be earmarked to finance ACBF training activities to be designed and implemented jointly by the ACBF and by the AFRITACs.

The AU/NEPAD has recently developed a Capacity Development Strategic Framework (CDSF), which will guide capacity building activities on the continent. The objectives of the CDSF include: developing processes and systems for empowering country leadership teams with the knowledge, information and values that espouse accountability at all levels, especially to the citizens; creating space for stakeholder participation, influence critical engagement by improving communications on the use of sub-regional and continental spaces; developing and continuously reviewing sets of criteria that enable citizens and different stakeholders to challenge leadership on accountability and build their critical consciousness; supporting initiatives that foster a culture of commitment and adherence to due process and policies by governments, business and civil society actors; and building networks and constituencies of expertise beyond Africa through a programme for engaging Africans in Diaspora. The key drivers for the CDSF include leadership transformation, knowledge economy, mobilization and participation of African people, mobilization and utilization of African skills, enhancing access to and maximization of African resources, coordination and harmonization of capacity of capacity-builders, communication and gender mainstreaming. The operationalization of the CDSF will involve processes and institutions at the country level, regional level and continental level.

### **6.8.2 Challenges and constraints**

In spite of the many efforts to address capacity building deficits, the problem has continued to persist. The major challenges include: capacity-building efforts that have been poorly coordinated and not highly valued; poor attitudes and mindsets driving development; limited institutional focus towards advisory development; poor coordination and inadequate integration of efforts in capacity building; ineffective mobilization and utilization of African Capacity; wide gap between commitments and implementation; inadequate committed and accountable leadership; high dependency on external capacity; poor mobilization and utilization of capacity in the Diaspora; and inadequate diagnosis of the real issues in capacity development.

### 6.8.3 Lessons learned and way forward

Any capacity building programme is obliged to clearly tie in with, and take forward the developmental agenda. A capacity development strategy must logically flow from this vision from which the developmental objectives emanate.

In order to ensure that capacity building in Africa achieves the desired results, it must be seen in its correct perspective. The AU/NEPAD framework gives a model within which capacity building can be prioritized and coordinated. Capacity building itself must be seen as a political concept. It speaks to the idea of having the power and the ability to, in the first place, determine a strategic, political agenda, and then, secondly, to implement the agenda once decisions have been made. In the policy sense, it is having the capacity to make good policy decisions, as well as the capacity to implement the policy agenda of a particular government.

There is need for conducive environment for citizen participation in governance and policy processes. Such a conducive environment should guarantee and protect citizens' human rights and the democratic expression requisite to holding those in power accountable. Since it has been noted above that most capacity support remains fragmented, there is need for a coordinated and integrated capacity. This should focus on all spheres of governance, from the community to the local, as well as the national, regional, and continental levels, including key institutions and stakeholders. Sector-specific capacity building strategies need to be strengthened, well targeted and coordinated.

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