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**Implementing NEPAD:
A Critical Assessment**

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Introduction: Forming Strategy Amid Uncertainty

The New Partnership for Africa's Development (NEPAD) is often presented as a plan or programme for African development. This view conjures images of a blueprint from which something can be directly constructed. However, the NEPAD document is more accurately seen as a strategic vision that asserts many truths about what needs to change. The specific operational detail of its plans has yet to be determined. As a result, the theme originally assigned to this paper by the North South Institute -- how to make implementation of NEPAD successful -- necessarily brings one into the terrain of many as yet unanswered questions.

Consequently, this paper will be divided into three parts. First it will articulate what can be said about the still incomplete implementation plans for NEPAD. Secondly it will attempt to fill in the blanks or forecast implementation questions with which NEPAD must grapple. And lastly, it will deal with a range of diplomatic and programmatic questions of how Africa and donors should respond to NEPAD.

Is NEPAD a Good Thing?

I begin from the premise that NEPAD is, in general, a very positive development for three reasons, even with the shortcomings that I will detail later. First, if NEPAD works as its architects say it will, it has the potential to directly succeed and in so doing begin to fundamentally improve the quality of African governance and lives African people.

Secondly, even if it fails to achieve its aims completely, it has the potential to begin changing the basic shape of political discourse in Africa. For too long African governments have been content to let foreigners run the development field. Aside from an initial flurry of often-misguided experimentation in the 1960s and 70s, African politicians have not deeply engaged in the complex questions of specifically how Africa can be developed and how government must be managed best to meet that goal. They have focused their minds on political squabbles, summits and self-enrichment, but not on how to make the everyday machinery of government work effectively. In short, the political debate in Africa has focused on who holds power rather than what to do with it.

If NEPAD represents a concerted effort by African leaders to study what has gone wrong, to truly engage themselves in the detail of how to fix Africa and listen to the industry and civil society, then it is a very beneficial thing. Even if it ultimately fails to achieve all of its programmatic objectives it has the potential to forge a new, open, collaborative approach to governance and policy setting.

Lastly NEPAD's promotion at a variety of high-profile international gatherings has contributed to a broader global movement to reconsider a range of development, trade, security and equity issues. This reconsideration has been edged along by concern over Africa's deepening poverty, marginalisation and instability. It is part of the same global conversation as the protests at the Seattle World Trade Organisation meeting, Genoa, and various gatherings of the World Economic Forum. And it has been helped along significantly by September 11, which arguably is the driving force behind George Bush's decision to increase foreign aid by 50 percent. For too long Africa has not played a meaningful role in this global debate. NEPAD is about changing the status quo in Africa but also asking hard questions about world institutions, which makes it an important development beyond African borders.

Despite the international support it has received, NEPAD is not a panacea. As I will outline, NEPAD has significant flaws. It may yet come undone by its overly grand ambition. But NEPAD ought to be embraced but also engaged constructively with both hard-edged diplomacy and practical support.

The Intellectual Roots of NEPAD

"Africa is beyond bemoaning the past for its problems. The task of undoing that past is ours, with the support of those willing to join us in a continental renewal. We have a new generation of leaders who know that we must take responsibility for our own destiny, that we will uplift ourselves only by our own efforts in partnership with those who wish us well." - Nelson Mandela

NEPAD is an outgrowth of a variety of emerging ideas and earlier initiatives. Most directly, NEPAD grew from the idea of an African Renaissance, first mentioned by South African President Nelson Mandela but expanded and promoted by his successor, Thabo Mbeki. Where renaissance was the goal, NEPAD is the plan to actually reach the goal.

Intellectually, NEPAD draws inspiration from the growing enthusiasm for regional free trade areas, particularly the North American Free Trade Area (NAFTA) and the European Union. It also grows from a substantial tradition of Pan-Africanist thought, which from the early years of the 20th century began calling for a united Africa. Although Pan-Africanism holds substantial intellectual cache, Africa has been substantially divided over the degree to which unity should be embraced since the dawn of the post-colonial period. In the years leading up to the formation of the OAU in 1963, Africa was divided into three philosophical blocs, the radical Casablanca group and the more moderate Monrovia and Brazzaville groups. Monita Patel described the breakdown this way:

"The Brazzaville group represented a gradualist approach to African unity and advocated a loose association of African states. In contrast, the Casablanca group supported the establishment of a United States of Africa based on the federalist model of government. In addition, there was a third ideological group, the Monrovia group, that rejected any form of political integration but stressed the principles of state sovereignty and non-interference with respect to the internal affairs of the state."

While the specific alignment of nations in those camps have waxed and waned, those fundamental tensions remained a part of the debate over unity for the last four decades. In 1980, the OAU adopted the Lagos Plan of Action, which was thoroughly in the gradualist camp. It intended to form a united African economic bloc with common tariffs, parliament and eventually a common currency. However, little meaningful action was taken for a decade. In 1991 OAU heads of state formalised the Lagos Plan in a treaty to form the African Economic Community (AEC), which was finally ratified by a sufficient number of states in 1994.

The AEC treaty outlined a six-stage integration process that would take 34 years from the time of ratification. Instead of an activist central organisation, the AEC put the onus of integration and trade harmonisation work on regional economic bodies. Progress on the Abuja AEC plan stalled, but significant progress toward joint regional action continued. In the arena of conflict resolution, members of the Economic Community of West African States (ECOWAS) intervened forcefully in Liberia and Sierra Leone when industrial nations declined to help. African states launched concerted diplomatic efforts to end the crises in the Democratic Republic of Congo, Lesotho, Zimbabwe and Burundi.

On the economic front, significant action has been taken, although not on the grand scale envisioned under the Abuja plan. In 2000 the 14-member Southern African Development Community (SADC) put into force a free trade area, loosely modelled on the European Union. The 20-nation Common Market of Eastern and Southern Africa (COMESA, the free trade area that grew out of the former Preferential Trade Area for Eastern and Southern Africa) was ratified in 1994 and by the late 1990s had begun to realise significant growth in inter-African trade.

The momentum for African change was aided by a growing global realisation of the need for democracy and good governance that was pushed by aid agencies and African civil society. The imperatives of good governance were reinforced by the 1997-98 Asian collapse, which dramatically illustrated the perils of crony capitalism abetted by weak state institutions. To a large extent, that episode ruptured the pretensions that there could be some third autocratic shortcut to development that could somehow get around the need for sound government management, macro-economic prudence, sound banking and a consistently applied rule of law.

The Formation of NEPAD

In 1999, efforts to replace the Organisation of African Unity (OAU) with a more effective body culminated in the Extraordinary OAU Summit held in Sirte, Libya. Although the OAU had been a dogged defender of national sovereignty and non-interference in member state's internal affairs, African attitudes began to shift in the late 1990s in favour of a more activist OAU in response to growing instability, violence and state disintegration in Rwanda, Somalia, Congo-Kinshasa, Burundi, Sierra Leone and Liberia, among others.

Against that backdrop of growing unease over instability and economic decline, Libya began to embrace black Africa in the late 1990s. In part Libya saw Africa as a route to international legitimacy. In the run-up to Sirte, Libya strongly pushed the idea of a United States of Africa, a proposition that was agreed at Sirte with surprising speed, in part because of the realisation of growing African instability and in part out of unwillingness to confront Libya and declare openly that the proposed union could not settle the philosophical schisms that doomed the AEC to death by non-action.

Despite many private expressions of doubt by African states, African heads of state approved the formation of the African Union (AU) in Sirte, which intends to eventually create an African parliament, court and common currency. At the time, Algerian president Abdelaziz Bouteflika was head of the OAU, Mbeki was chairman of the Non-Aligned Movement and Nigerian president Olusegun Obasanjo was chairman of the Group of 77. Those three leaders were charged with drafting a common plan to address problems of marginalisation, underdevelopment, conflict, disease, poor capacity and bad governance.

Although Bouteflika and Obasanjo nominally participated in the drafting of the plan, then known as the Millennium Partnership for the African Recovery Programme (MAP), Mbeki was widely considered to be the principle architect and most enthusiastic advocate. In part, MAP gathered momentum because of the speed with which the AU was embraced. Around the same time, Senegalese President Abdoulaye Wade drafted what he called the Omega Plan, which he first presented to the French-Africa summit in Cameroon in January 2001. The MAP plan was much more far reaching, putting forward a hierarchy to embrace virtually every aspect of development, conflict resolution, governance, aid, investment and debt. In contrast, Omega identified plans for what it considered the four most important priority sectors - agriculture, education, health and infrastructure. It also assumed that specific action plans in these areas would be drafted and implemented within each of the five African regions.

In the run up to the annual OAU heads of state meeting in Lusaka, Zambia in July 2001, the two plans were merged into what was dubbed simply, the New Africa Initiative. It essentially kept the MAP structure and most of its language while adding a regional component to the management of the initiative. In Abuja, Nigeria, in October 2001, heads of state met again and agreed on the present text, an organisational management structure and a new name, the New Partnership for Africa's Development.

What is NEPAD?

NEPAD is most often in the press likened to a "Marshall Plan" for Africa, but it is substantially more. While the Marshall Plan was a straightforward effort to reconstruct what was, NEPAD's mission is to largely construct something that has not yet been, promising to tackle in the process the full range of Africa's problems. Its overriding goal is to end Africa's underdevelopment and poverty. It hopes to achieve this by bringing about peace and political stability, instilling respect for human rights and political freedom, enshrining good economic and political governance and launching programmes to address Africa's shortcomings in infrastructure, education, and health, among others.

It aims to uphold agreed standards of governance through a mechanism in which member states police each other through peer reviews. In addition to this already broad agenda, it hopes to achieve sustained 7 percent annual economic growth by diversifying production, capturing investment and aid equal to \$64 billion a year, winning reforms of foreign aid delivery systems, greater debt relief and trade access.

It is part programme, part philosophy, and part shopping list. As such its definition varies widely depending on which of its architects one asks. Within Africa there is a tendency to see NEPAD as a Christmas tree from which one can hang whatever they like.

Just after the NEPAD plans were adopted by heads of state in October 2001 in Abuja, South African President Thabo Mbeki explained the initiative this way in his address to the South African parliament:

"It is a call for a new relationship of partnership between Africa and the international community, especially the highly industrialised countries, to overcome the development chasm that has widened over centuries of unequal relations. In this regard, we are not asking for favours, but for fairness and justice, a better life for Africans and a secure future for all humanity. This programme is premised on African

ownership, African control of the projects and programmes, with African leaders accepting openly and unequivocally that they will play their part in ending poverty and bringing about sustainable development.

We are agreed that we must strengthen democracy on the continent; we must entrench a human rights culture; we must end existing conflicts and prevent new conflicts. We have to deal with corruption and be accountable to one another for all our actions. Clearly, these measures of ensuring democracy, good governance and the absence of wars and conflicts, are important both for the well-being of the people of Africa and for the creation of positive conditions for investment, economic growth and development.”

The pivotal word here is partnership. As it is most commonly understood, NEPAD is an exchange between the developed world and Africa in which Africa promises to deliver good governance and peace in exchange for greater aid, debt relief and trade access.

To the West partnership implies an agreement that certain things are delivered at certain times with defined procedures in the event one party fails to deliver. Although NEPAD's architects have not clearly defined a contrary definition of partnership, it is increasingly clear that the intended relationship is not as simple as it is conceived in Western circles. Before delving into that examination, let's look briefly at NEPAD's deliverables on the African side.

NEPAD's Programmes

NEPAD is presently divided into seven main initiatives, each of which has a variety of component goals. The text of these initiatives was agreed in October 2001 at a meeting of heads of state in Abuja, Nigeria.

- **Peace, Security, Democracy and Political Governance:** This is subdivided into two parts. Its peace and security component looks at peacekeeping, reconciliation/peace-making, and early warning. The democracy and political governance aspect concerns the crucial area of standards and Africa policing itself.
- **Economic and Corporate Governance:** This aims to deliver sound, stable fiscal and macroeconomic management, investor-friendly systems of commercial law, sound banking and insurance, as well as sound government fiscal management.
- **Bridging the Infrastructure Gap:** This includes roads, ports, railroads, electricity, water, sanitation and facilities for health and education. This would include information and telecommunications areas. Although no clear plans have been laid out, comments by Thabo Mbeki in January indicate that it will borrow from the development corridor concept utilised in South Africa.
- **Human Resources Development:** This is a catchall of very conventional development themes. It includes health, education, poverty reduction, agriculture, gender development and other themes. Significantly AIDS only receives passing mention as part of an effort to fight communicable diseases.
- **Capital Flows:** This looks at investment promotion, debt reduction, increased aid and aid reform.
- **Market Access:** This focuses on trade issues but also has a significant component of diversifying production, which includes such themes as increased resource beneficiation, diversification of agriculture and increased manufacturing.
- **Environment:** Arguably the least realistic of the initiatives, this initiative genuflects in the direction of all of the environmental issues in vogue – from global warming to preserving bio-diversity to preserving wetlands to trans-national parks to pursuing sustainable development. However, there is little in the text to make clear how such “NEPAD” environmental initiatives would be distinct from the environmental initiatives already going in Africa or analysis of why these initiatives are broadly ineffective.

Some confusion has been added subsequently, with NEPAD documents defining the plan as consisting of four initiatives – Peace, Security, Democracy and Political Governance; Economic and Corporate Governance; Capital Flows; and Market Access – and six “Sectoral Priorities”: Bridging the Infrastructure Gap, Human Resources Development, Agriculture, Environment, Culture, and Science and Technology Platforms. There is no discussion of which elements should take precedence if funding levels are smaller than expected, so this remixing of initiatives and sector priorities at present seems more a question of presentation than substance.

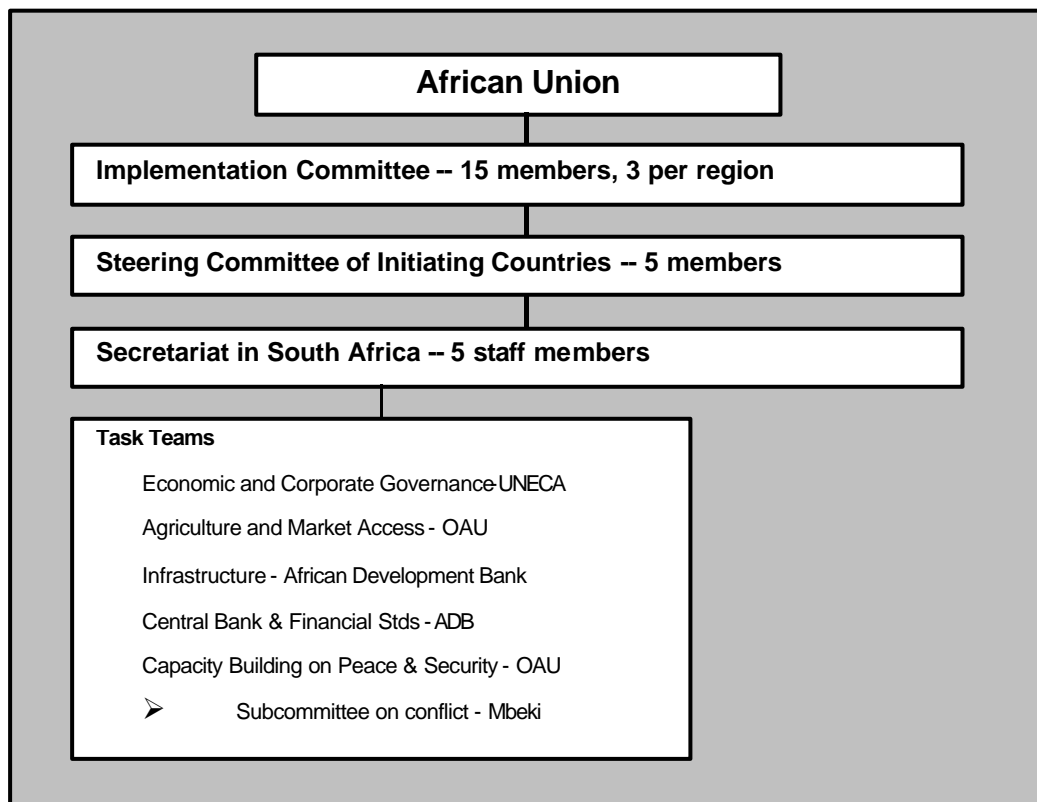
The NEPAD Organisational Structure

The graphic below depicts the official organogram adopted by heads of state to govern NEPAD. It consists of a four-tier management structure. At the top NEPAD was subordinated to the African Union as its principle economic plan. Beneath this is the Heads of State Implementation Committee, composed of three members from each of the five African sub-regions. It meets every four months.

As mentioned earlier, South Africa, Algeria and Nigeria were the three states that guided the initial development of MAP. Senegal then proposed the Omega plan, amid concern by Francophone Africa that it would be left out of the leadership (despite Algeria's role). Senegal was added to the top structure. Egypt, seen as the other major continental power, also saw itself being marginalised in the process and it was later added.

Those five nations, South Africa, Algeria, Nigeria, Egypt and Senegal became what are known as the five initiating members who comprise the Steering Committee, which will meet monthly. Prior to the formal adoption meeting in Abuja in October 2001, it seemed that the Steering Committee would govern NEPAD. However the decision was taken to create the Implementation Committee along geographical lines rather than based on the reformist credentials of the members.

This regionally based NEPAD leadership structure is a compromise that will have great significance for how the NEPAD vision on governance is determined. Fundamental to the notion of standards of governance and self-policing is the idea that some nations will not agree to adopt the standards or might break them later. It therefore opens a debate about whether NEPAD should be a narrow club exclusively of reformers meeting tight standards or a wide club in which all states – including some that do not meet NEPAD standards -- could participate. The notion of a broader club would bring greater political support in the African Union, but also raises the question of whether NEPAD would have to lower its governance standards to accommodate poorly



governed states. Thus the decision to broaden NEPAD leadership from three to five to fifteen based on region indicates the idea of a narrow reformers-only club was rejected.

The members of the implementation committee will control how NEPAD takes shape, particularly over the issue of standards.

Nkuhlu and other key South Africans involved have argued that NEPAD will not water down its standards but give participants time to upgrade to NEPAD's goals. They hope to achieve both high standards and broad participation through a multitrack system in which all countries can voluntarily decide whether to participate and submit to public peer reviews. Participants could enter at various levels of good governance but would have to continue moving in a positive direction from their starting points. In theory it could work, but in practice such a proposition asks the more deficient states to approve something that would put a potent political cudgel into the hand of opposition political parties. Peer pressure is a significant force motivating unreformed states to go along with NEPAD. The likely African opposition to NEPAD will not likely come in direct denunciation of its general goals but through behind the scenes bargaining to ensure that the codes of conduct that define acceptable governance and the evaluation and enforcement procedures leave ample wiggle room to permit non-reformers to claim to qualify or claim to be making progress toward qualifying.

While the southern and western representatives are all pretty solidly in the reformist democratic camp, members of the other regions pose significant problems. None of the North African representatives are truly free multiparty democracies and none conform to the sort of human or political rights that are accepted in the West and generally expected by the public in sub-Saharan Africa, even if often not fully respected. This issue might be fudged but it will clearly affect the character of standards adopted by NEPAD and the assertiveness with which they will be enforced.

Both Cameroon and Gabon in Central Africa have major high-level corruption problems and are both authoritarian, nominal democracies that have been ruled by the same ruler for nearly three decades. In East Africa, the most significant reformers, Uganda and Tanzania, have been left out. While Mauritius is clearly a reformist, stable democracy, Ethiopia has significant problems with democratic rights, is prickly with foreign critiques of its internal policies and has a very bureaucratic, restrictive regime for foreign investment. Rwanda is pursuing economic liberalisation but has a very restrictive political system.

Beneath the steering committee is a permanent secretariat to be based in Pretoria, South Africa and led by Wiseman Nkuhlu, economist and advisor to South African President Thabo Mbeki. Nkuhlu also serves as chairman of the Steering Committee. The secretariat is divided into three work streams:

➤ Project and programme policy coordination

➤ Administration and secretarial services

➤ Communications and marketing of the plan inside and outside Africa.

The small size of the secretariat is partly a response to fear by other nations that South Africa would dominate. With the secretariat obviously too small to do much of anything, South African government ministries have been pressed into service drafting various plans. Adding to the organisational confusion, five task teams were appointed in Abuja, which do not map precisely to the stated initiatives. To tap existing capacity, each will be

Heads of State Implementation C ommittee

- Chair: Nigerian President Obasanjo
- Vice Chairs: Senegalese President Wade, Algerian President Bouteflika
- 3 states per region including the 5 initiating states: Algeria, Egypt, Nigeria, Senegal and South Africa

The Regional Representatives

- North Africa: Algeria, Egypt, Tunisia
- West Africa: Nigeria, Senegal, Mali
- East Africa: Ethiopia, Mauritius, Rwanda
- Central Africa: Cameroon, Gabon, Sao Tome & Principe
- Southern Africa: Botswana, Mozambique, South Africa

managed by an existing institution responsible for developing plans in each area:

- **Economic and corporate governance** (UN Economic Commission for Africa)
- **Agriculture and market access** (OAU)
- **Infrastructure** (African Development Bank)
- **Central bank and financial standards** (African Development Bank)
- **Capacity-building on peace and security** (OAU¹). Within this team, a sub-committee on conflict prevention, management and resolution was created, headed by President Thabo Mbeki.

The NEPAD Implementation Committee met in Abuja on 26 March 2002 and discussed the creation of an African peace and security council for conflict resolution, which would have some permanent representation and some rotating in a fashion similar to the UN Security Council. However, no details were available as of this writing on its proposed funding, staff or powers. In addition the idea was mooted of a council of elders who would assist with conflict resolution and dealing with nations that stray from their NEPAD commitments. Both of these ideas were reportedly received positively by the 15 Implementing Committee members but a great deal of work would have to be done to reconcile these with the other entities of the African Union – the Executive Council, The AU Commission, The Permanent Representatives Council and the Assembly of the Union – none of which has been yet defined even though the AU treaty itself is to come into force at the July 2002 AU summit in Durban, South Africa.

When the AU meets in Durban, Mbeki will become its first president. In the complex African diplomatic mix, rivalries and jealousies will be important factors in how the various AU and NEPAD institutions are defined and staffed. Hence, Mbeki's presidency of the AU and his role as head of the conflict resolution subcommittee will pose interesting questions about how the rest of the continent will react to the African Security Council proposal.

NEPAD on Three Levels

NEPAD is easiest to understand as operating at three main levels. First are negotiations with the developed world on a number of levels through a united African front. Perhaps the most important and achievable element of NEPAD is its intention to negotiate for greater trade access for African goods in developed markets.

Joint negotiations also will involve pressure for greater debt relief and negotiations for a more rational system of administering aid that gets away from the present system of dozens of bilateral donors, multilateral donors and countless non-governmental organisations each with different administrative requirements and each demanding time and co-operation from already stretched governments.

At a second level, NEPAD involves traditional infrastructure projects – the sectoral priorities. This activity will take place to a limited degree at the international NEPAD Secretariat level. The G8 has put NEPAD on its June 2002 summit agenda and pledged to assemble a tangible NEPAD support initiative. In preliminary discussions, African leaders proposed to the G8 a ballpark figure of 50 or 60 mega-projects, but that was rejected by the G8 as too ambitious and the NEPAD Secretariat is now hoping to secure funding for two or three key projects for each of the five African regions. The Secretariat will not release details yet but has discussed ideas such as a West African electric grid and power pool, regional gas pipelines and transport corridors. These mega-projects may be flashy but the real infrastructural development work will remain confined to the national level. The process envisions each participating nation crafting its own plan to meet the full range of NEPAD objectives. Existing development programmes and donor activity would be folded in at this national level.

¹ The NEPAD documents list the OAU as the co-ordinator. It is not clear why the AU was not designated or the status of OAU programmes during the transition to the African Union

At the third level, NEPAD will involve creating and enforcing standards of political and economic governance. In March 2002, the Implementation Committee approved the idea of enforcing standards through an African Peer Review Mechanism. The name is somewhat misleading as the system would be carried out by a non-political technical institute, which would be part think-tank, part economic advisor, auditor and judge.

It would evaluate participating countries according to their own national NEPAD plans on both economic and political standards. At present there is no proposal to stipulate how long countries have to get themselves in conformance with NEPAD standards or how long they have to implement developmental objectives. Nothing has yet been agreed, but the Secretariat proposed that the evaluation institute conduct its evaluations on a three year cycle, but did not specify when or if a baseline evaluation would be conducted. Presumably it will take some time for nations to draft their plans and more time for the institute to gear up, which means it could well be five or six years before countries undergo their second review and thus confront the possibility of falling afoul of the NEPAD rules.

The crux of this process will be nine codes of conduct. In March, leaders approved eight codes of conduct for various aspects of fiscal governance and discussed a draft code dealing with political governance and human rights. The fiscal standards are drawn from various international bodies and standards, but the Secretariat will not disclose the source or detail of these standards until after the AU summit in July 2002. The fiscal codes are as follows:

- Code of good practice on monetary and fiscal policy
- Code of good practice on fiscal transparency
- Budget transparency
- Public debt management
- Principles of good corporate governance
- International accounting standards
- International auditing standards
- Core principles of effective banking supervision

The draft declaration on democracy and political governance promises to be the most contentious. In general terms the draft proposes incorporating such documents as the African Charter on Human and People's Rights, the Rules of Procedure of the African Commission on Human and People's Rights, the Grand Bay Declaration and Plan of Action for the Promotion and Protection of Human Rights, the UN Universal Declaration of Human Rights and the OAU Response to Unconstitutional Changes of Government. However, no attempt has been made to

The draft declaration does contain allusions to strong democratic principles, which if enforced would pose significant issues for several Implementation Committee members. In particular it pledges to uphold democracy, the rule of law and strict independence of the judiciary and parliaments.

It also says that leaders should be subject to elections and a fixed term of office (not specified yet). It proposes that members build independent national electoral commissions with powers to publish reports and manage elections. It calls for freedom of the press, promotion of participation of minorities and the disadvantaged in political and economic processes. It also calls for cooperation with the UN High Commission on Human Rights. It also speaks of a "yellow card/red card principle" which would deal with unconstitutional changes of power and "patently undemocratic and unconstitutional behaviour, as well as gross violations of human rights by sitting governments."

At many levels, these promises on standards will be the most politically difficult aspect of NEPAD but also the aspect most essential to its promise of good governance in exchange for increased aid and trade concessions.

A Programme Critique

NEPAD identifies all the main political, governance and developmental challenges facing Africa. There is no effort yet in the plan's text to identify what the top priorities are. Indeed, the various drafts have created such rubrics as "priority sectors" and "themes" that seem aimed at elevating subjects buried too deep in the

initiative structure. In this it is reminiscent of the IMF's Poverty Reduction Strategy Paper process, which in practice has tended to sound like a wish list written in hopes that donors will cough up for all the unfunded items.

One of the most important shortcomings of the NEPAD scheme is that it is very conventional in its thinking, offering no particular insights about past development failures beyond the obvious notions that wars must be ended and good governance installed.

The following passage from the NEPAD text on regional issues reflects a predilection for extremely vague language that pervades the NEPAD document:

"The focus will be on rationalising the institutional framework for economic integration, by identifying common projects compatible with integrated country and regional development programmes, and on the harmonisation of economic and investment policies and practices. There needs to be co-ordination of national sector policies and effective monitoring of regional decisions."

This paper's aim is not directly to dissect all the elements of NEPAD, but a look at the human resources initiative is instructive of the kind of programming so far evident in NEPAD. The initiative includes such diverse elements as health, education, agriculture and poverty reduction, each of which incorporates numerous sub-goals. Given that NEPAD's main stated goal is poverty reduction, why is poverty reduction buried under human resources? And why, from a prioritisation point of view, is agriculture placed here, considering that it employs two-thirds of Africa's people?

The poverty reduction element refers to drafting a "comprehensive development approach" with the World Bank, African Development Bank and UN, which would take many months or years.

In education it consists of working to improve curricula, finance primary education, expand secondary education and create specialised education institutions with consideration of creating regional tertiary-level centres of excellence.

At one level, these are laudable goals. But they fail to suggest anything but modest incremental change when Africa needs to make radically faster progress than is being made in Asia and Latin America, the two regions with which Africa competes for investment.

It would be nice if donors funded every wish, but that would seem highly unlikely, which points back to the need for prioritisation and new approaches. For example, international aid agencies, notably the UN and World Bank, and now NEPAD have rather uncritically accepted the wisdom of providing universal primary education without examining the opportunity cost of that investment.

Human Resource Development Initiative

- 1) Poverty Reduction
- 2) Bridging the Education Gap
- 3) Reversing the Brain Drain
- 4) Health
- 5) Agriculture

Human Resource Development Initiative

- 1) Poverty Reduction
 - Work with IMF, World Bank, ADB, UN to develop Comprehensive Development Framework, PRSP and related approaches
 - Establish gender task team
 - Task team to develop participatory and decentralised approaches for infrastructure and social services

Human Resource Development Initiative

- 2) Bridging the Education Gap
 - Work with multilateral institutions to ensure universal primary education
 - Work to improve curricula
 - Expand secondary education and improve its relevance
 - Promote networks of specialists in higher education institutions

Gross School Enrolments						
	Primary % of relevant age group enrolled		Secondary % of relevant age group enrolled		Tertiary % of relevant age group enrolled	
	1980	1997	1980	1997	1980	1997
Europe & Central Asia	99	100	86	--	31	32
Latin America & Caribbean	105	113	42	60	14	17
South Asia	77	100	27	49	5	7
Sub-Saharan Africa	81	78	15	27	1	--
Source: World Bank http://www.worldbank.org/data/wdi2001/pdfs/tab2_12.pdf						

On average sub-Saharan Africa sends only 27 percent of the students in the relevant age group to secondary school, compared to 49 percent in South Asia. Given that wide secondary education gap and an even wider gap at tertiary level, will a massive effort to raise a nation's average number of years in school from five to six years truly have a radical impact on its economic growth? And how many fewer secondary and tertiary students -- who are significantly more valuable to economic development -- will there be with resources diverted to primary education? Or would some of that money not be better diverted to specialised high schools and technical colleges producing graduates with skills needed in the viable industries that Africa does have? Given that Africa does not have the capacity to absorb its current stock of graduates into the formal economy, some form of targeting and curricula tailored to the demands of African industry would seem to lead to far faster growth than interventions that spend money heavily on the lower educational levels.

And what of more radical educational solutions? Standard development advice focuses on education of children, but the types of tools and techniques that produce truly large jumps in productivity -- how to use fertiliser or grow export cash crops -- are things that adults learn, usually by seeing other successful adults apply such techniques. Why not pool resources to utilise television and radio as educational delivery vehicles? Much childhood educational material already exists for television and specialist programmes on health, sanitation and agriculture could be gleaned from across Africa and the developing world or created from a common pool of funds. Could solar powered televisions and VCRs be built in village centres as a type of public education kiosk to deliver education outside of the traditional and often-ineffective public school system?

Ultimately it is industry that creates development, not healthy, educated workers. Such workers are useful, but they are not the primary engine of growth. Economic growth occurs through specific entrepreneurs, who expand their skills, branch into new fields, and invest in new equipment. Common sense suggests that education ought to directly support those national business champions and agriculture, which employs two-thirds of Africans.

These failures to target and prioritise are part of a broader failure of development in Africa. The rhetoric and policy pushed by the World Bank and IMF, and echoed by most international donors, NGOs, African governments and now NEPAD focus too heavily on poverty reduction without adequately defining the term. Overwhelmingly poverty reduction is thought of as health, education and such common public goods like clean water, roads and electricity. This is a substantial shift from the industrial development focus of the 1960s and 70s. Many of those early efforts collapsed because they were badly conceived by bureaucrats rather than business professionals. With the wave of privatisation that swept the West in the 1980s, the notion that governments cannot and should not try and pick industrial winners has become gospel. Governments still should not try to set up and run businesses, but as Asia has demonstrated they can work in concert with industry groups to facilitate new or expanded industries and access markets.

For example, in the 1970s Zambia launched an effort to identify what cash crops were suitable to its climate and soils. It identified cotton, developed an outgrower scheme, built cotton-processing plants and rolled out

agricultural extension services. At its peak about 150000 outgrowers and as many as two million people directly and indirectly benefited from the new cotton industry. Sadly, the government lost the plot and came to see the industry as something into which it could stuff political cronies and reap taxes. Eventually the government cotton parastatals suffered from overstaffing and the government's broader failure to keep a stable exchange rate and low inflation. The sector has recently been privatised and output has expanded five-fold from the low point in 1994. Similarly if Africa could collectively cultivate a market for tropical juices in the developed world, it could turn the mango, pawpaw and guava into a massive industry that would directly lift millions of Africans out of poverty. In the same vein, well co-ordinated South African growers' associations, which were supported by government in meeting sanitary standards and building export markets, have helped get South African avocados, oranges and grapefruits onto the markets in Europe and Japan.

NEPAD does have the objective of diversifying production and increasing the local processing of agricultural and mineral products. However, this ought to be top priority and given a choice between funding projects with very long-term payoffs or this type of industrial promotion, the funds should go into the industrial promotion first.

Who Will Do the Work?

In a volume of support papers prepared last year for each of the main initiatives, there are at least 20 formally named task forces and at least 157 clear action items. Although the plans did not call for a management team for these 157, each would arguably require an action committee. Because many of these -- such as harmonising trade and tariff policies -- require similar committees in multiple countries, the scale of work is truly vast. This in turn raises the question of how already over stretched governments would find the surplus staff to plan and co-ordinate these initiatives. Already South African ministries are diverting significant parts of their policy and research capacity away from domestic planning to the formulation of NEPAD plans for the continent. Indications are the rate of progress by other nations is not brisk. The task team structure somewhat addresses this manpower issue by appointing an existing agency to develop and co-ordinate plans in each area. However, there is a danger that this merely pushes the work down to organisations that also are unprepared.

Lastly, how will national governments, which have heretofore been responsible for such things as education and transportation, relate to a super-national organisation? If NEPAD represented a research and advocacy organisation only, its task would be more achievable if it left actual delivery to national governments. In interviews, Nkuhlu said NEPAD would not attempt to take over or manage the work of existing development bodies, but others note that there is political pressure to deliver some NEPAD successes to show results. If Nkuhlu's vision holds true, this casts NEPAD as a coordinating, research and advocacy role, which will require far more than a staff of five. If pressure for actual NEPAD delivery holds, there will be pressure to re-brand existing initiatives as "NEPAD initiatives."

Standards of Governance

The aspect of NEPAD with the greatest potential to change Africa's image and the dynamics of development is its promise to deliver good governance. NEPAD has clearly opted not to adopt a clear two-track system that designates "good" countries and "bad" countries. Politically, avoiding such labelling makes the whole system more palatable to African leaders, which is critical because the decision was taken to make NEPAD a programme of the African Union as opposed to a separate, purely voluntary club.

The Peer Review system is designed to allow more countries to participate by allowing them to progress at their own pace. This approach is both complex and slow. Real enforcement would not begin for five or six years as a result of the three-year review cycle and inevitable start up delays associated with drafting national plans and standards for conducting the peer reviews. On the positive side, this plan will stimulate a long-term discussion of good governance and development strategy and slowly build up peer pressure to follow good policy.

While this slow pace might be acceptable to the donor community, it will do little to convince investors that fundamental change is afoot. It is reasonable to argue that reform is going ahead at a more rapid pace in most of the world than Africa. Other regions already offer better infrastructure, larger markets and many offer fiscal incentives Africa cannot match. Unless NEPAD takes the issue of a faster rollout more seriously, it runs the risk of moving forward while still falling further behind the rest of the world in the race for investment and improved productivity.

Rising Global Competition to Entice Foreign Investment						
Number of Countries Changing Their Investment Regimes						
1991	1992	1993	1994	1995	1996	1997
35	43	57	49	64	65	76
Source: UNCTAD World Investment Report 1998						

The Politics of Presenting NEPAD to Africa

The most important criticism of NEPAD is the way it has dealt with African society. African leaders have spent a great deal of time selling NEPAD to the developed world and almost none selling it to Africa. As a result it has won high praise from the G8 while sparking deep anxieties among business, labour, the media and the non-governmental sector that NEPAD is really a plan designed to tell donor nations what they want to hear to get aid and continue the present dysfunctional, aid-dependency. NEPAD leaders are increasingly being blamed for crafting the plan behind closed doors without consultation of business, academia, parliaments or the general public. It will be easy for opposition parties, who have long been frozen out of national policy discussions, to claim that NEPAD is just a ruse by ruling parties to appear to be reforming.

Moreover, there remains deep disagreement in Africa about the truth of the last 20 years of economic history. The need for democracy and good governance is widely accepted, but there is an equally deep belief among opposition politicians, academics and journalists in Africa that the proximate cause of Africa's troubles is structural adjustment, market liberalisation and privatisation, all of which NEPAD seems to embrace. Before the initiative can go forward, it must debate with its internal African critics and win much broader support.

For NEPAD to succeed it must also address the reasons why so many African polities produced such bad policies. Some will argue that bad African policy has come from lack of capacity, money and trade access. But that is too easy. African political systems are dysfunctional because they do not hold leaders accountable for their behaviour to the voting public. Plenty of scandal is reported publicly, but the political system offers too few incentives for politicians to be responsive to the needs of citizens and too much power in the hands of the head of state, who can manipulate the system to remain in power, despite obviously poor, dishonest performance.

A combination of state control of electronic media, manipulation of electoral laws and ethnic politics help ensure that the electorate, particularly the rural poor, remain poorly informed and unable to pressure politicians to defend their interests. The ideal of NEPAD ought to be to re-invigorate democratic systems so that politicians respond to the desires and pressures of the citizenry. In this, the setting of standards of government performance ought to be subjected to a wide public consultative process so that citizens are aware of the pledges made by heads of state and are therefore in a position to directly agitate for delivery. Rather than galvanising the democratic power of the people, NEPAD's closed-door approach offers to counteract the dysfunction of the core political system through outside arbitration of a NEPAD bureaucracy that at best will conduct infrequent reviews and take action against states in cases of gross failure to meet NEPAD standards. The pressure of a public peer review is positive, but it will not succeed unless that core political system is reformed.

To such criticisms, NEPAD's architects routinely say that they recognise that they must involve the public. Belatedly, Senegal, Algeria and South Africa have launched NEPAD outreach programmes, but they are designed to convey the plan's generalities and talk at people not to seek real input that would guide the construction of programmes.

Because national-level plans still must be drafted, there is still plenty of scope to engage society at the level where the most crucial development work must occur. For NEPAD to work, it must develop meaningful mechanisms to take policy formation out of back rooms and donor conferences. In particular, it must focus on identifying the roadblocks in the way of existing business enterprises, not just taking civil society input on the poverty agenda.

Dr. Alistair Ruiters, director-general, the South African Department of Trade and Industry, explained the dilemma NEPAD faces on standards and public participation:

"The point is we have a lot to clean up. You can't imagine you are just going to put something in place. These are negotiated issues. Because no one on the continent has that authority to walk from Cape to Cairo and say these are the new rules. These are negotiated rules and negotiations will take some time. And the rules are going to be tested each time a country might not behave appropriately."

"I can say it is not the lowest common denominator approach. We are looking to bring in those countries that have good standards of governance, for economic growth, for protecting their citizens, for establishing a culture of human rights, for looking after citizen's basic needs. Those are the countries we are looking towards. Because what is the objective here? Why are we doing this? We are doing it because we want to eradicate poverty on the continent. And you can't want to eradicate poverty by asking yourself if you should take the lowest common denominator approach. Then you can't be serious about your objective."

Richard Leakey, renowned palaeontologist and former head of the Kenyan civil service, spent a lot of time trying to combat Kenya's notorious corruption. For a documentary film I produced on NEPAD, he explained another crucial aspect of the standards issue as it is now playing out in Kenya, which promises to be a significant factor in any nation that embraces a new, cleaner code of political conduct:

"I think that concept of a morality code, a code of ethics is widely accepted. The problem you have in some African countries is if you are bringing in this code for the first time in a system that has been doing without this code for the past 30 years, how do you deal with the gains that have been made illicitly and wrongly in the past and do that fairly while applying the new code to new entrants in the future? In Kenya we are having a huge debate about this because quite clearly public officials have used their positions to enrich themselves, to take advantage of other people."

"The idea of an amnesty has been muted and the idea that lets look at today and tomorrow under this new law and look at yesterday and the day before under a different set of values and jurisprudence. I think that is true, but I think there will be a lot of unhappiness about how you open this up. I think the key is zero tolerance of malpractice looking forwards because at least that will start to move a country forwards in terms of some of the objectives laid out in the MAP (NEPAD) concept. And let the country struggle with yesterday under a different set of rules and dialogue. That is the way I think you have to go. If you tie the two together, it is improbable that the majority who may well be liable will approve it, and if they won't approve something that puts them in jeopardy. And if they won't approve it, then it's going to continue."

Conditionality and the Clash of Perspectives

Making NEPAD a success will require that it resolve a fundamental clash in perspectives that affects NEPAD at two levels. In public discussions of NEPAD there has been widespread condemnation of conditionality by African politicians. Indeed the idea is often seen as a dirty word. Speaking after the October 2001 NEPAD meeting, Nigerian President Olusegun Obasanjo remarked: "one of the things I abhor is the threat to withhold aid. NEPAD is our own. The ownership must not be taken away from Africa. NEPAD cannot stand on its own. It is the OAU's baby and the implementation committee is fulfilling OAU's mandate."²

To western donors, conditionality means a cluster of demands by aid givers designed to ensure recipients spend money honestly, transparently, efficiently and maintain a sound general economic and political environment. Although Obasanjo in the quote above didn't use the word conditionality, he directly challenged the concept that there should ever be circumstances under which aid is withdrawn from African states.

African leaders do acknowledge that donors have a right to ensure money is properly spent but, as Obasanjo's remarks suggest, there is a failure to provide specifics or acknowledge that if money is not properly spent it logically must point to some form of sanction or reduction in aid.

Debates about conditionality have been further clouded by African complaints that policies demanded by the IMF that bring harsh economic consequences (privatisation, imposition of health and education fees, lowering trade barriers, devaluation) have been implemented too abruptly. The IMF argues that austerity measures would not be necessary if nations had not already exceeded their financial limits and hence had no resources with which to continue subsidising state industry or free services. The IMF further argues that the fact that governments in Africa did not explain to citizens how bad the economic situation was prior to abruptly imposing austerity measures is not the fault of the IMF but of the government. African governments argue that they were forced to accept IMF measures and the pressure to adopt free trade is de-industrialising Africa to the benefit of the developed world. However, too many African leaders, faced with the harsh choices of structural adjustment, sought to divert attention from their own mismanagement by blaming the IMF. That oversimplification has led to a widespread and destructive misunderstanding of the root causes of Africa's economic problems in the last two decades, as well as suspicion that the developed world is using the IMF to promote its own trade agenda.

NEPAD has done nothing to alleviate the antipathy growing out of these still lingering disputes about the causes and effects of structural adjustment. The failure to open NEPAD up to public input has made it a magnet for criticism, principally from labour unions and the left who interpret it as a recipe for greater austerity and privatisation.

The lack of specificity in African anti-conditionality comments, the structure of the NEPAD document itself and the heavy emphasis on selling NEPAD to the G8 rather than Africa have all combined to raise doubts among business and donors about the real intentions behind NEPAD. Thabo Mbeki and other key South African players in NEPAD have been at pains to note that NEPAD is not about asking for special favours, that the emphasis on good governance is not offered to win concessions but because Africa recognises that good governance is essential to development. Despite this laudable reasoning, the NEPAD document does ask for both aid to many specific initiatives and for massive new commitments of aid and debt relief.

Specifically, it asks for acceleration of the IMF's Highly Indebted Poor Country (HIPC) initiative and raising of official development assistance (ODA) levels to 0.7 percent of GDP for developed countries. (ODA fell from about 0.35 percent of GDP in 1992 to 0.22 percent in 2000, according to the UN.) It also asserts that Africa needs an extra \$64 billion a year in additional resources, more than five times the \$12.5 billion in ODA that went to sub-Saharan Africa in 1999. (In 1999, total world ODA was US\$48.5 billion).³

Despite the highly supportive public comments made by donor nations, privately many aid agencies and businesses cite anti-conditionality comments in arguing that NEPAD is at its core a slick begging bowl. Such doubts alone do not doom NEPAD but do contribute to an atmosphere of distrust that in the longer term damage the trust in the NEPAD process that will be vital from donors and investors.

The second major clash of perspectives is closely linked to conditionality. Specifically, how would NEPAD deal with nations that violate its principles, such as Zimbabwe?

Indeed, the clash of perspectives over Zimbabwe has very real potential to derail the entire NEPAD exercise, at least as far as western funding is concerned. African leaders have angrily denounced western statements that failure to act on Zimbabwe would put NEPAD funding at risk. Obscuring the central question of whether Zimbabwe's elections could be free and fair in the face of state sponsored violence, Obasanjo just days before the vote publicly said:

"What are the democratic principles that (Robert Mugabe) is flagrantly abusing? He says he is going into an election. He has parties other than his own that are allowed freely to contest and participate. He has asked for observers from all over the world to come. He has asked for the foreign press from all over the world to come.

² www.theage.com.au, 1-3-02

³ World Bank data web site: <http://devdata.worldbank.org/external/dgcomp.asp?mdk=110&smdk=500003&w=0>

He has worked with other political parties and civil society and religious leaders in his country, to reduce the level of violence." ⁴

As African leaders met on NEPAD in Abuja (March 26, 2002), the United States made comments, widely seconded by other nations, that inaction on Zimbabwe put NEPAD at risk. Wiseman Nkuhlu, the chair of NEPAD's steering committee, told reporters: "We find the type of position countries like the United States are taking quite irritating. ...African countries are doing what they're doing now because they think it's the right thing." ⁵

As tension mounted over Zimbabwe and the Commonwealth, led by Africa declined to take action on Zimbabwe prior to its elections, British Prime Minister Tony Blair warned: "The credibility of my country, investment in my country, doesn't depend on Zimbabwe," he said. "But for Africa it is a major issue, on which their credibility and the possibility of investment flows depend." In separate remarks to journalists, Blair said: "There are no half measures about democracy. It is important for Africa that if countries are not behaving democratically... that we are seen to act" ⁶

In remarks apparently pointed at Blair, Thabo Mbeki angrily responded that "white supremacist" attitudes were behind the divergence of views on Zimbabwe and that whites could not accept that blacks take the lead on the issue. ANC secretary-general Kgalema Motlanthe called a press conference at which he accused Blair of leading a campaign aimed at ousting Mugabe from power. He denounced "the hostile forces in the US and UK who are mobilising to determine who the ruler should be", warning that "if it is possible for Tony Blair to say elections in Zimbabwe can only be free and fair if one party wins, then they can do the same here (in SA)". ⁷

Many businesses and aid donors see the soft response to Zimbabwe as a sign that NEPAD's governance promises will be as weak as the African response to Zimbabwe. So far, Africa has not offered a coherent argument about why such a view should not prevail, beyond the argument that NEPAD's mechanisms are not yet in place so NEPAD should not be blamed for Zimbabwe. However, the African reaction to Zimbabwe is interpreted by business and donors not as an indictment of NEPAD's mechanisms *per se* but as evidence of a pattern of thought that rationalises and defends poor African governance. This clash of perspectives over Zimbabwe and conditionality generally has left critical questions unanswered that have cast doubts on the NEPAD enterprise. The lack of clarity on these questions points to the serious need for a trust-building exercise between Africa and the developed world.

The Crucial Role of Leadership

The scope of NEPAD and the complexities of winning approval for it within Africa make leadership a vital issue. NEPAD has gained nominal support from African heads of state but support is very shallow. Although 15 heads of state are in NEPAD's governing body, South Africa's president is the only one to have spent any significant time promoting the plan.

Heads of state signed the document but have done little to promote it or its pledges of good governance within their societies. Many African states appear to have adopted a posture of waiting to see what if any money NEPAD offers before taking action to embrace and sell its principles of reform.

To succeed, NEPAD needs not just a passive following but a vigorous, practical management. Nigerian President Olusegun Obasanjo is chairman of the implementation committee, but significant differences are apparent between his views of NEPAD and Thabo Mbeki's. Obasanjo has said that the process of enforcing standards would not involve public censure of nations that deviate from those standards. More recently, Obasanjo publicly likened NEPAD to the latest wife in a polygamous African marriage. Like the latest wife,

⁴ Nigerian Guardian, 26-3-02

⁵ UN Integrated Regional Information Network 26-3-02

⁶ Reuters 6-3-02

⁷ The Star, 18-3-02

he said NEPAD in the first year would be the object of the most attention but later attention inevitably will drift away.

Within his own country, Obasanjo is criticised for poor budget management and for taking little action in response to corruption, ethnic and religious violence, or violent retribution by the army against civilians. With Thabo Mbeki doing nearly all of the work to promote NEPAD, it is fair to ask whether NEPAD could survive without him. And how will both men cope with the many conflicting views on reform, corruption and governance within Africa?

Within Africa, support for strict standards is thin. The chart at right reflects a personal assessment of how I think African states would vote if faced with adopting a strong set of governance standards.

South Africa	Kenya	Liberia	Gambia
Mozambique	Namibia	Swaziland	Burkina
Botswana	Lesotho	Egypt	Angola
Ghana	Tunisia	Morocco	Gabon
Mali	Eritrea	CAR	Ivory Coast
Uganda	Malawi	Sudan	Burundi
Benin	Chad	Mauritania	Niger
Senegal	Togo	Cameroon	Guinea-B
Tanzania	Guinea-C	Congo-B	Congo-K
Mauritius	Zimbabwe	Ethiopia?	Algeria?
Nigeria?	Zambia?		

As K.Y. Amoako, executive secretary of the UN Economic Commission for Africa put in an interview with AllAfrica.com: “If you’re talking about the political will, the political commitment, I think it’s mixed. I think you have some leaders who are very committed to this, who have been driving this process. But as long as we have poor governments in our own countries, as long as we have leaders who are motivated by personal greed -- or whatever you call it -- they can never have the political will, and, unfortunately, we have quite a few.”⁸

Africa's Development Challenge

It is impossible to assess NEPAD without first examining what has worked and what has failed in African development and why. This is not the place for an exhaustive review of the causes of Africa's plight. It is surely a mix of many forces -- some random, some grossly unfair, some of Africa's own making. But it is vital to observe the broad trends.

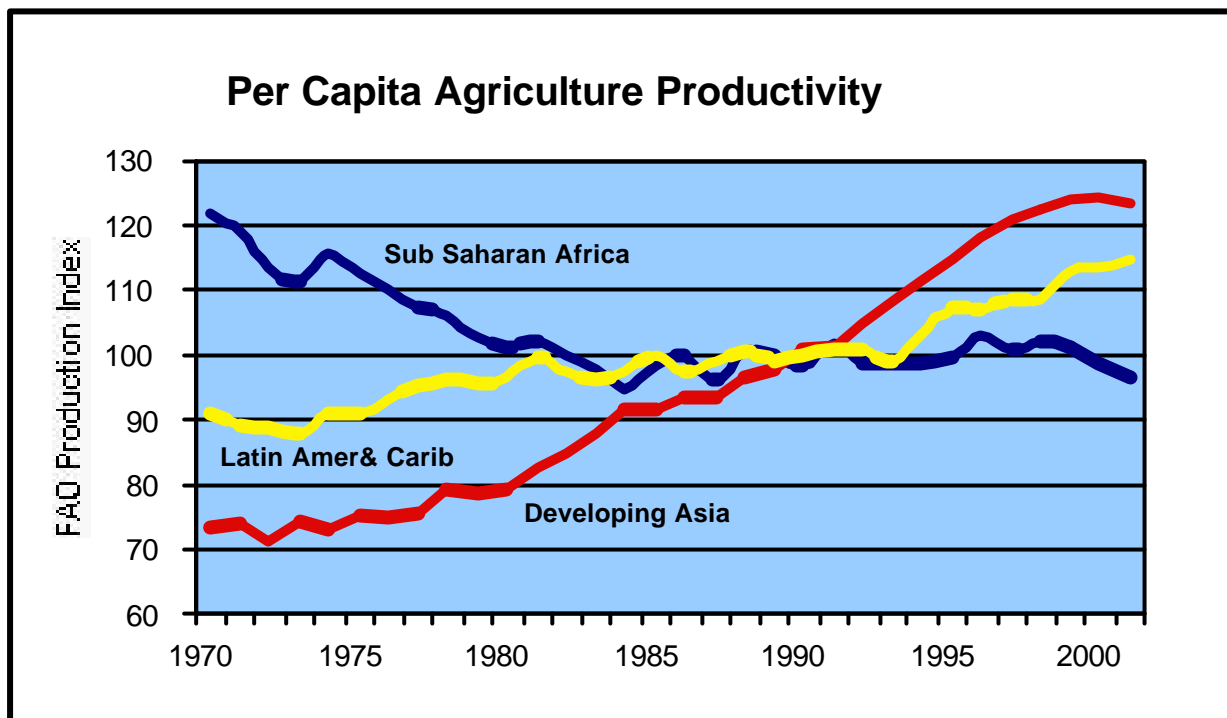
Technology is one factor often inappropriately addressed in development or ignored altogether. I share the view -- articulated by Jared Diamond⁹ -- that through the peculiar circumstance of its climate, flora and fauna, Africa possessed far fewer and far less bountiful domesticatable plants and animals than the Middle East (the ancient Mesopotamian fertile crescent around modern Iraq) and China, the two earliest centres of settled agriculture. Temperate climate, fertile soil, topography suitable for irrigation and the absence of pests such as the tsetse fly gave these two centres of civilisation a great advantage in the race to shift from nomadic life to settled agriculture. In turn agricultural surpluses permitted much earlier formation of states, armies, taxation and central administration. Eventually, agricultural surplus freed portions of those societies to pursue science and technology, which gave them a technological lead that Africa and other underdeveloped regions have never overcome.

While a wide variety of technology has been absorbed by Africa in the past century, the West and Asia have experienced an explosion of technology-driven growth in the last thirty years that threatens to render Africa increasingly irrelevant to the global economy. At the same time, Africa has ignored its own technological backbone -- agriculture even as Africa's population has tripled in the last four decades.

While Asia achieved food self-sufficiency by rapidly applying the lessons of modern farming in the last three decades, the vast majority of African farmers continue to cultivate as they did centuries ago without animal power, irrigation, fertiliser or pest control. Although Africa has vast livestock herds, most of the continent has no dairy technology, which would allow storing and adding to the food value of milk through processing into cheese, yoghurt, butter or long-life milk. In the 1980s, Asia improved its per capita agricultural productivity by

⁸ AllAfrica.com 7-3-02 <http://allafrica.com/stories/200203080001.html>

⁹ *Guns, Germs and Steel*



2.7 percent per year while Africa's productivity declined by 0.4 percent per year. Today only 4.6 percent of agricultural land is irrigated in Africa compared to 38.4 percent in Asia.¹⁰

Instead of teaching practical subjects like agriculture in primary and secondary school, which would directly benefit the two-thirds of the population dependent on farming, Africa has delivered to most pupils an education that is mostly irrelevant to economic activity and sub-standard in quality. Zambia is a good example. In addition to extremely weak performance in maths and science, it was utterly failing to teach basic literacy. In the 1990s, after completing seven years of primary education, three-quarters of students were found to be functionally illiterate. Finally the situation was addressed with an experiment in teaching literacy first in the mother tongue, which achieved two-thirds literacy rates.¹¹

Agricultural products originally from Africa, particularly coffee and palm oil, have been aggressively pursued by other developing countries, which have become the dominant suppliers African production has fallen. Faced with instability in Africa, the developed world has aggressively sought copper, diamond and gold deposits on other continents, which contributed to a steady decline in the terms of trade enjoyed by Africa.

Many Africa observers will argue that this shift is unfair or indeed immoral as the West abandoned Africa once it could no longer control her or she was no longer a useful pawn in the Cold War. Whether fair or not, it is clear Africa has not maintained the combination of political ties and economic advantages needed to sustain investment, economic and technological growth.

But what of the aid that have been poured into Africa for 40 years to close the gap? Taken as a whole, the development system in Africa quite clearly has not worked as promised and needs major revision. In this I refer to the entire complex of aid institutions, the International Monetary Fund, World Bank, bilateral donors, conditionality and African political and government management systems. Yes, there are pockets of success, demonstration projects intensively driven by donors, but there are very few examples in which the technology and management approaches of such demonstration aid have been learned and applied to provide effective general solutions that are affordable on a mass scale.

¹⁰ Nicolas van de Walle, *African Economies and the Politics of Permanent Crisis 1979-1999*, page 87

¹¹ Interview with Geoffrey Tambulukani, head of department of teacher education, University of Zambia

First the IMF and World Bank. At one level, the IMF and Bank, with which bilateral donors usually collaborate, represent the only meaningful pressures toward reform of government practices, fiscal responsibility and proper anti-corruption efforts. In the majority of African states the political system, civil society, media and government institutions outside the executive branch exert little or no meaningful influence on the presidency. While street protests are frequently ignored, the IMF, Bank and donors can quickly gain an audience with top government officials and do press for change.

Adjustment Loans in the 1980s	
Sub-Saharan Africa	6
Latin America	5
Asia	4
Middle East	3
North Africa	3
Eastern Europe	3
Source: William Easterly, <i>The Elusive Quest for Growth</i>	

However, loan and grant conditions have failed to win enduring reform. Jeffrey Sachs argues that there are far too many conditions to be enforced. Even so, donors have rarely actually held to a firm line and enforced conditions. Donors have many incentives to push more loans and grants. Without a real profit motive or other measure of success, it is fair to say that the only real deliverable of the Bretton Woods institutions is continued highly paid careers for "experts." Those career opportunities are enhanced by being attached to larger loan portfolios and failure to make loans results in smaller budgets and less opportunity. Perversely, recipient countries are aware that the worse off their populations the more donors feel it would harm the poor to cut off aid. William Easterly, an economist with the World Bank for 17 years notes:

"Recipients are aware of the donor's incentives. Surprisingly enough, the impoverished recipients are in the driver's seat during negotiations over disbursement of aid loans. The threat that the country department will not disburse the loan if conditions go unmet is not very credible. The borrowers know that the aid lenders care about the poor and that aid lenders' budgets depend on the lenders' new lending. The borrowers can also threaten not to service their old debt unless they get new loans, so disbursements are made anyway."¹²

In practice the IMF and World Bank are perpetually swayed by intentions rather than real delivery. Only over longer periods is it possible to peer through the fog of optimistic rhetoric and see that enduring changes in the political-economic systems of Africa have not been made. Kenya, for example, has had 19 structural adjustment loans from 1979 to 1996. Beginning in 1979 and repeatedly thereafter the World Bank economic reviews, conducted with the government, observed a gross failure to maintain roads, government facilities and vital plant and equipment. Repeatedly maintenance was made a condition of adjustment loans and repeatedly it was ignored, as the derelict state of the Nairobi-Mombassa highway attests.

As Easterly noted: "What is clear is that the hopes for 'adjustment with growth' did not work out. There was too little adjustment, too little growth and too little scrutiny of the results of adjustment lending."

This failure of conditionality is the root of the failure of the IMF and World Bank adjustment regime, which began in 1979 promising to quickly rectify structural problems. Since then it has become a veritable merry-go-round of continuous adjustment, new conditions, failure to adjust, debt rescheduling and more adjustment. Senegal, the first recipient of a structural adjustment loan, is illustrative. It received its first adjustment loan in 1979 and has been restructuring ever since, despite assurances from the IMF that each dose of medicine would quickly restore stability. In the 1980s, Senegal received 15 stabilisation and adjustment loans from the World Bank and IMF along with \$350 million a year in aid. By 1991, it had rescheduled its debts 8 times. From 1990 to 1995 annual aid to Senegal rose to an average of \$473 million or 14 percent of GDP. When it began adjusting in 1980 its debt was US\$1.47 billion or 49 percent of GDP. Today debt is 75 percent of GDP, Senegal is still "adjusting" and its government is no more effective in designing and carrying out meaningful programmes.¹³

Across Africa similar stories can be found. Although the IMF and World Bank have poured in funds largely at concessional 0.75 percent rates, debt has steadily piled up. In countries where the local currency is

¹² *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*

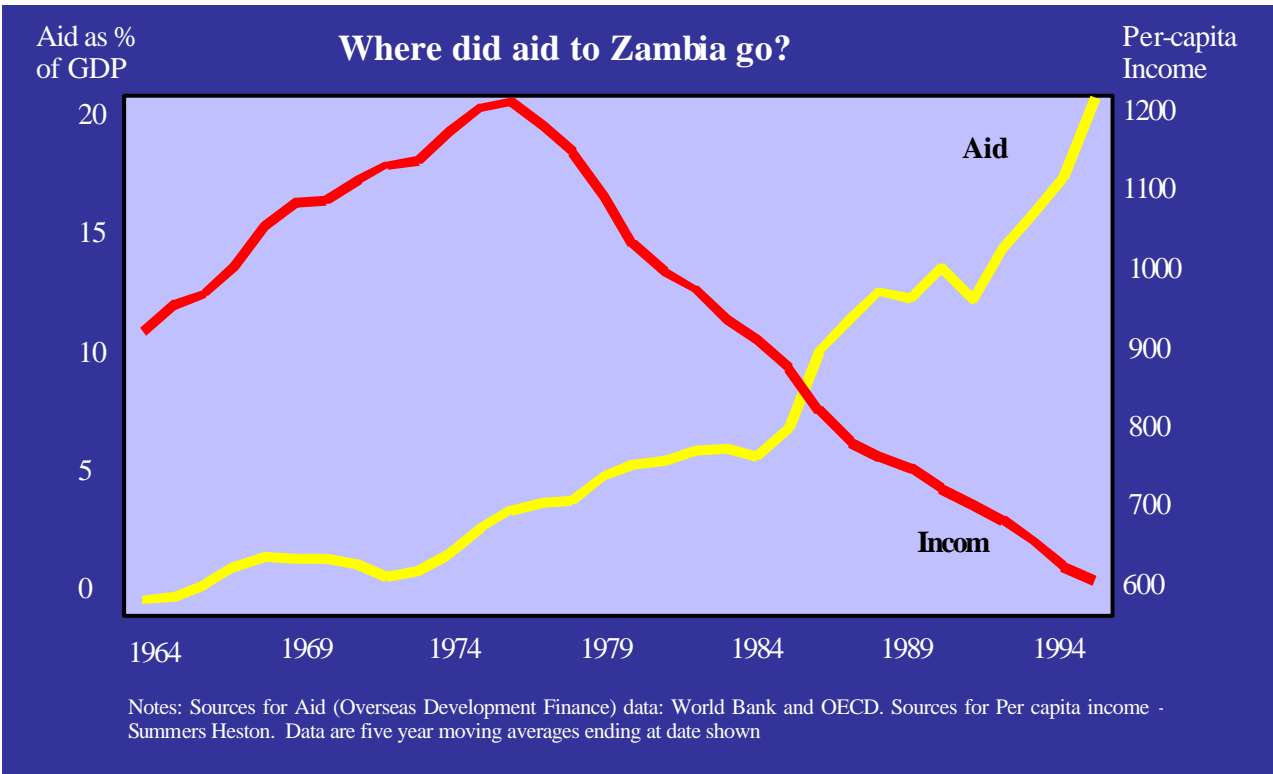
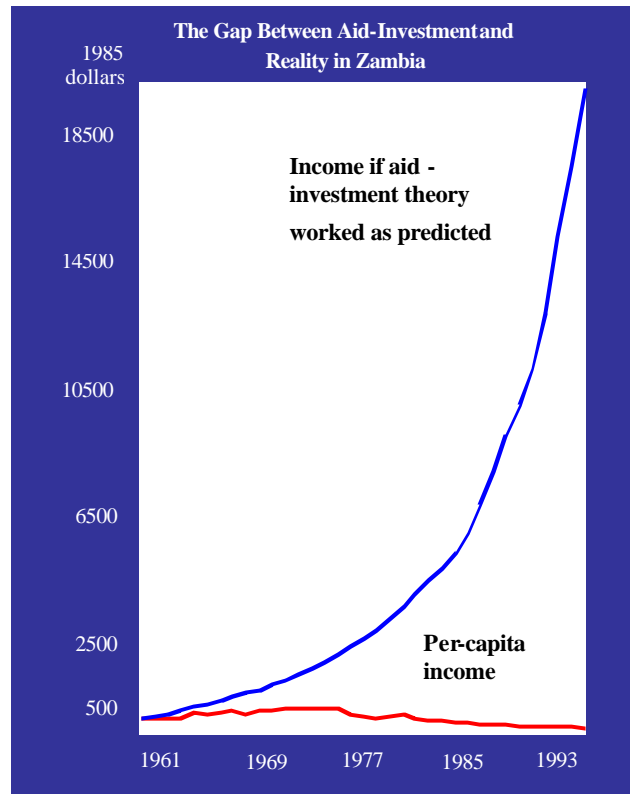
¹³ *African Economies and the Politics of Permanent Crisis*, Nicolas van de Walle, and World Bank online data.

depreciating, loans even at such nominal rates can end up being repaid at 10 or 20 or more percent effective rates in the local currency.

A recently released World Bank study, requested by US Treasury Secretary Paul O'Neill, found that in 1990 \$1 billion in aid lifted 105000 people above the absolute poverty line of \$1 a day in income. By 1997-98 the same money helped move 284000 people out of poverty. That is to say that in 1990, some \$9523 was spent in order to lift each person's income by \$365 a year whereas in 1997 it only cost \$3521 to give one person \$365. Given that success rate, would it not be more efficient and effective just to fly planes over Africa and push money out the doors?

When the study was released in March, O'Neill observed: "For a very large fraction of the world population, people still living under a dollar a day, that doesn't seem to me like 50 years' worth of success."¹⁴

Clearly, aid does go for needed central services like roads and schools that deliver longer-term benefits than air-dropped money would. But how far in the future will it be before primary school students,



¹⁴ Associated Press and Agence France Press 12-3-02

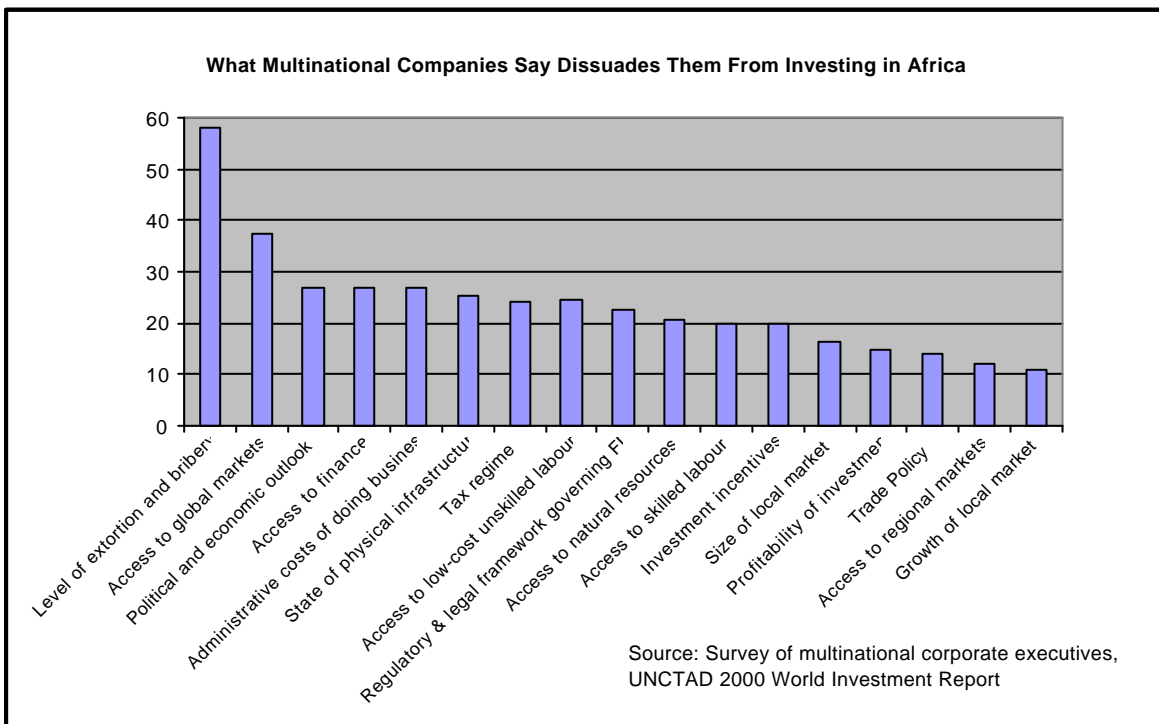
whose facilities are funded with debt, graduate into the economy and begin making a positive contribution to the national treasury? Moreover, much of the structural adjustment money goes directly into balancing the for-
 ex market and thus paying for imports and consumption. And many of the Bank loans, while justified on the grounds that they are for long-term changes, go for items that normally would come out of a nation's annual budget. As a result, increased aid directly diffuses the political pressure on governments to undertake necessary reforms.

The debate in March at the Monterrey UN conference on Financing Sustainable Development reflects a deeper theoretical failure that affects the entire aid industry. The Bank and Fund have consistently applied a methodology that declares investment is the key driver of growth. They argue that to achieve a given growth rate, a certain quantity of investment is necessary: Deliver aid of a known amount and a nation will grow by X percent. There are two huge problems: first the theory does not work and second it has consistently led Africa and aid donors to conceive of the core problem in money terms, which it is not.

The charts the previous are by Easterly. Using the example of Zambia, he notes that if the Bank/IMF investment-driven-aid model worked, Zambia's per capita income would have followed the top curve and now be above \$20000 a year. Instead Zambia's real per capita income has followed the bottom line. It is fashionable in Africa to simply condemn the IMF and World Bank as the cause of African fiscal problems. But that is a distortion. Africa has grossly failed to maintain even basic fiscal controls. Its leaders have made conscious choices to print money and deficit spend in completely unsustainable ways.

The notion that this is attributable to a lack of capacity does not wash, given both common sense and the loads of economic advice that has been repeatedly offered and ignored over the past four decades. The magnitude of aid and loans has made it possible for Africa to fail to address its fiscal and governance weaknesses:

- A 1999 report by Benin's government reported that only 10 percent of all taxpayers regularly paid their taxes.
- The Malawi government estimated that "almost a third of government revenue is stolen annually by civil servants."
- Total tariff revenue not collected were estimated at 35 percent in Ivory Coast in the early 1990s and 83.5 percent in Burkina Faso.



- In Kenya, respondents to a Transparency International survey reported graft of such magnitude that if eliminated the average person would have 30 percent more income. It found 90 percent of people who go to police stations say they will not be attended to unless they pay a bribe.
- The NGO Uganda debt Network estimated that Uganda lost the equivalent of US\$500 million to corruption over the last five years.
- Surveys estimate bribery adds 20 to 30 percent to the cost of government construction in Africa.

In many countries, politicians have built vast fortunes by granting permits for duty free imports to cronies, by manipulating negative real interest rates and manipulating a wide difference between official and black market foreign exchange rates. By borrowing money cheaply at politically connected banks, using the proceeds and their position to get foreign exchange at below market rates, politicians have been able to make fast money on commodity markets, import markets and through foreign currency investments. All of which means the political establishment has had powerful personal incentives to follow destabilising macro-economic policies.

So what is the bottom line? Economically, sub-Saharan Africa is poorer and more marginalised from the world economy than it was 30 years ago. This has come despite total aid to the sub-Saharan Africa rising from under 2 percent of GDP in 1960 to 11 percent in 1994. From 1990 to 1995, aid represented over 50 percent of government revenues and 71 percent of its public investments.¹⁵ Despite the aid Africa has received, an estimated 40 percent of the continent's wealth is held offshore. According to one study, between 1970 and 1996, 25 heavily indebted poor countries in sub-Saharan Africa borrowed \$176 billion. But during the same period, \$196 billion in unaccounted for funds were moved out of Africa, money which experts say is largely attributable to corrupt senior government officials.

The debate in Monterrey at the recent Financing Sustainable Development conference reflected a central unresolved schism over development that is at the heart of the NEPAD debate. On one side the political left, many non-governmental organisations and developing-world governments frame the problem of underdevelopment principally as one of insufficient charity by developed nations and the selfish denial of market access. The other side of the argument asserts that billions of dollars of aid has been poured into Africa and there is very little to show for it. This view accepts the idea that something must be done about underdevelopment and increasing instability in Africa but that the crucial question is how can aid be made more effective. Aid proponents point out that critics of aid effectiveness simply want to avoid paying more or opening their markets.

Strategies for Ensuring NEPAD Success

As conceived by its architects, NEPAD clearly has significant problems concerning practical management, co-ordination of work, delivery of standards, and its intentions concerning relations with donors. However, it remains a positive development requiring action both by Africa and the donor community to turn its rhetoric into enduring political change. First, some strategies for donors and then a look at strategies for Africa.

Donor Strategies

African political systems remain deeply dysfunctional. Despite appallingly bad fiscal management, plunging living standards, declining government services and widespread corruption, African political systems have ousted incumbents surprisingly few times. There is a lengthening list of elections, but few changes of the ruling party. Unlike Western democracies in which politicians feel heavy incentives to continually deliver benefits to citizens, African democracies remain thoroughly dominated by presidents. While there is awareness of popular dissatisfaction, the powers of incumbency are overwhelming and the president's powers of patronage, his vast wealth, control of rent-seeking, and complete domination of other branches of government make the phrase government of presidents, by presidents and for presidents not entirely unrealistic in much of the continent.

¹⁵ Nicolas van de Walle, *African Economies and the Politics of Permanent Crisis 1979-1999*

Thandike Mkandawire calls them Africa's 'Choiceless Democracies.' The lack of choice grows from the lack of key elements of smoothly functioning democracy: a large informed middle class, strong interest-group lobbying, broad civil society involvement and strong independent media. Without these indispensable elements leaders do not face incentives to serve the voters rather than serve themselves.

In this context NEPAD is an important part of broadening the discussion of what African governments should be doing. However, if that discussion remains confined to heads of state in back rooms, those political systems will remain dysfunctional and when it becomes expedient such leaders will easily shift away from their NEPAD promises to self-protective, undemocratic behaviour.

This political reality points toward several useful interventions. Substantial portions of the new aid pledged in Monterrey should be put into beefing up existing donor support for democratisation, media education, voter and civil rights education and public debate sessions in Africa.

Development aid has turned to NGOs to deliver services and avoid channelling money through corrupt governments. NGOs also have been tapped as part of programmes for education, Aids and democratisation. However, given the essential role of civil society to democracy, consideration should be given to funding and support of civil society as such. For example, civil society groups, who largely draw their sustenance from donors, played the crucial role in organising opposition to Frederick Chiluba's third-term bid in Zambia. In other countries donor funds routed through non-governmental organisations can play a similarly supportive role in the cause of reform. However, aid agencies have difficulty processing and managing many small donations.

In South Africa the EU has put a floor on projects of about \$100000, which is vastly more than most NGO's can absorb. Therefore there is a need to develop new, more flexible administration systems, preferably using local auditors and boards rather than importing many more highly paid foreign aid supervisors. On a more technocratic and industrial level, aid should be used to assist the development of joint government-industry-academic boards to help set policy in such areas as tariffs and trade rules, agricultural support, education and health. These bodies would be enshrined in law and offer regular forums through which economic and policy problems can be quickly raised and put before senior politicians, who would be left substantially uninformed if issues are only elevated to their attention through civil service channels.

At the diplomatic level, donors should be cognisant that there is deep distrust of Western domination within Africa. Some of this grows from a direct desire to prevent outside comment on obviously corrupt and undemocratic regimes. Some of it was conditioned by Cold-War manipulations. And some of it is reflexively race-based thinking in which Western proposals are opposed not on their merits but because of their source. Thus diplomacy toward NEPAD, both at the G8 level and in communications at the country level, ought to make clear that the developed world has no interest in dominating Africa or choosing its leaders. However, this must be a firm, balanced message leaving no wiggle room. If Africa defends grossly undemocratic behaviour or merely deflects the possibility that such leaders must bear the consequences of their behaviour, it ends up perpetuating precisely what NEPAD asserts that it wishes to end. Moreover, donors should communicate that Africa's unwillingness to take a firm line on Zimbabwe has been obvious to donors and Africans alike. Unfortunately this diplomatic posture sends an important signal to other undemocratic leaders about precisely how little opposition they will receive if they transgress.

Simultaneously, donors must unequivocally communicate that if NEPAD means that constructive criticism is forbidden or that developed governments must agree to policies contrary to their own moral values, then NEPAD will have to proceed without developed world support. It is entirely appropriate for NEPAD leaders to point out the ways in which certain developed-world policies are hypocritical, destructive or have countervailing moral implications for Africa. Pointing such things out must be part of a candid two-way dialogue. But efforts to censor that dialogue or prevent criticism of anti-democratic behaviour run counter to the spirit of NEPAD's proposed new partnership.

Such a diplomatic posture would be a radical shift for donors. In the past too many donors and diplomatic missions effectively humoured Africa, letting far too many transgressions slide, posturing briefly after an episode of corruption or undemocratic behaviour but then quickly coming back to the bargaining table with

more aid and loans. Ending that pattern would mean accepting and acting upon African criticism where appropriate and making real concessions on economic matters and the delivery and evaluation of aid.

African leaders have made significant pledges on governance, democracy and human rights. African leaders must be encouraged and pressured to uphold to these pledges. As the clash of perspective on Zimbabwe illustrates, friction is likely inevitable as the developed world and Africa interact on NEPAD. However, such tension is not unconstructive.

For Africa this is a Reykjavik moment. Although unsure of the sincerity of incipient Soviet reforms in the 1980s, the US accepted and embraced Mikhael Gorbachev's professed desire to end the arms race. At Reykjavik, Ronald Reagan offered both a willingness to continue an arms race and an offer to make major concessions. Faced with firm resolve and a positive choice, Gorbachev struck a deal for major arms reductions that until that time appeared impossible.

Similarly now is a time with the potential for radical change in Africa. The venue will be the June G8 meeting in Canada. Africa is to present its NEPAD plans to the G8, in particular proposed governance standards and details of its peer-review system for judging conformance to standards. Comments on Zimbabwe imply that African leaders see the new partnership as delivering aid first and reform later with limited interference or comment by the developed world.

For the G8, acceptance of such weak governance proposals would be tantamount to delivering aid without restriction. The G8 and major bilateral donors must be prepared to take an unusually hard line but also offer meaningful concessions of their own. After listening to the African proposals, the diplomatic line should be that there is approval of the general direction of NEPAD but donors remain obligated to certain firm principles regarding the new Monterrey aid pledges.

It is a subjective impression from dealing with South African-based donors and the NEPAD team that donor nations are not speaking plainly about their qualms about NEPAD in light of Zimbabwe. Indeed, it seems that African states feel that they handled the situation very well and that the world is only singing the praises of NEPAD. At the same time it seems donor nations are not saying in face to face encounters the blunt comments they say to journalists and each other. This must stop now during the formative stages of NEPAD rather than later when trouble strikes over the next Zimbabwe.

The following suggestions fundamentally require a blunt but genuine two-way conversation and partnership over Africa. That means donors should squarely put a list of demands on the table while offering a matching set of concessions. Specifically donors should ask for the following:

1. **Public participation in standards setting:** The standards agreed by heads of state must be followed with a broad-based process of public input with revisions reflecting public comment and clear public statements within each NEPAD country about what leaders have agreed to deliver so that civil society and the media can play an active role in holding governments to these pledges. The NEPAD peer reviews should be conducted with broad public input, not merely technical experts at the proposed review institution. The findings of peer reviews should be made fully public.
2. **Free independent electronic media:** African political systems are dysfunctional because they are not responsive to public demands and state control of the vital electronic media ensures that voters remain uninformed and unable to exert public pressure for reform. In African nations where independent radio exists, it has played a very powerful role in strengthening democracy and public accountability. Donors should demand that the increased aid flows pledged in Monterrey are contingent on recipient countries licensing as many independent radio and television stations as apply, without restrictions preventing news and current affairs programming including live radio broadcasts of parliamentary proceedings and commissions of inquiry.
3. **Timely government audits:** A significant reason that parliaments and the media do not play a stronger role in checking corruption and mismanagement in the executive branch is lack of information. Across Africa, government spending is either audited so poorly or so late that years go by before the public learns of inappropriate spending, by which time the culprits have changed jobs and investigations are easily

delayed indefinitely. State spending should be audited twice a year and reports of the auditor general must be made public within six months of the close of the fiscal year.

4. **Independent Central Banks:** The standards for proper operation and independence of central banks are now globally accepted. NEPAD participants should be expected to put in place within 18 months clear standards equal to developed world standards over the independence of bank operations, insulation of officials from political removal from office and clear standards for maintenance of fiscal stability, low inflation, positive real interest rates and enforcement of proper capital adequacy ratios on commercial banks. NEPAD members should agree to establish a timetable for reaching single-digit inflation and eliminating black-market premium on foreign exchange through market determined exchange mechanisms.
5. **Clear fiscal goals:** To truly make a significant change in perceptions of Africa and the seriousness of NEPAD, participants must demonstrate real progress in fiscal management. Participants should commit within 18 months to begin a three-year process at the end of which government deficits will be brought to zero percent of GDP (including aid grants), inflation would be brought to under 10 percent, nominal interest rates to less than 15 percent and the differential between official and parallel foreign exchange rates brought to less than 5 percent.
6. **Independent anti-corruption authorities:** NEPAD participants should pledge to found within 18 months properly staffed and funded anti-corruption authorities whose officers are appointed by an independent board with representatives from the executive, all major parliamentary parties and independent business bodies. The officer's terms of office should be fixed and they should be granted full powers to bring prosecutions before the judiciary and demand records and testimony.
7. **Demand major constitutional reform:** The root political problem in most African countries is overwhelming power resides in the executive branch without meaningful oversight by courts, parliament or other independent investigative bodies. NEPAD benefits from donors should be made contingent on fundamental, broadly inclusive constitutional reforms that, among other things, strictly limit presidents to two terms in office, ensure the effective independence of judges and corruption investigators, and demand run-off round voting to ensure presidents cannot rule with only minority support (as happens now in Kenya and Zambia).
8. **Make aid proportional to improvement in government revenue collection:** The present aid system provides incentives to governments to remain inefficient. This link should be broken by directly tying the amount of aid to improvements in government efficiency. That means measuring government service delivery and its revenue collection and giving more aid only if government does a better job of broadening the tax base and efficiently spending its own resources.
9. **Push NEPAD leaders to clean up their own countries:** African nations will follow success. If good governance is effective, South Africa and Nigeria particularly ought to be pressed to improve their own anti-corruption efforts and sort out service delivery, particularly at the local level. Bad administration, overspending and corruption are particularly rife in South Africa's poorer provinces. How can South Africa implicitly hold itself out as an example to Africa if it does not tackle such basic issues?

In exchange for this package, donors should offer the following:

1. **NEPAD support funds:** Offer funds to support NEPAD operations but confine them to money for planning and standards enforcement activities until real delivery begins on governance pledges.
2. **ODA Reform:** Donors should offer to harmonise the governance demands and aid administration systems to make administration less burdensome to recipient governments. This reform should be undertaken with NEPAD participating countries. This should include
 - **World Bank and IMF reform:** Debt relief should be continued under HIPC but a firm policy should be established by the Bank and IMF not to engage in new adjustment lending, which simply promises to return Africa to a debt crisis in future years. Donors should agree to embark on thorough reform of the

World Bank so that its analytical capacity can be used by Africa but its lending is restricted to projects with a clear prospect of direct pay-off to borrower's capacity to repay, such as toll roads or economic assets like ports. Soft, adjustment loans, policy and capacity building projects, education and health should be transferred to a grant basis or shifted entirely to entities dispensing the new Monterrey aid pledges. The IMF should confine itself only to lending needed to avert short-term foreign currency shortages.

- **Reduction of tied aid:** It should pledge to phase down the proportion of aid tied to donor-country suppliers and consultants.
 - **Higher aid for higher performance:** It should include a donor pledge to base development aid not on need or geo-politics but actual delivery of performance on good governance with a substantial portion of that incentive based on the extent to which governments improve their own revenue collection systems.
 - **Expand use of pooled aid:** Donors should offer to test a system of pooling aid into direct sectoral and/or budgetary support. Pooling should be offered only to countries that enact new, tougher governance and fiscal control standards.
 - **Halt the brain drain:** The inflated industrial world salaries offered by aid agencies in Africa profoundly warp the market for skilled staff, continually draining away the most skilled employees from governments to aid agencies thereby hindering rather than supporting capacity building efforts. Donors should undertake a package of reforms to lower the wage differential offered and stop the brain drain of local staff to permanent jobs in other countries for international agencies. Aid should be dedicated to supporting much higher technical and financial salaries by participating NEPAD governments. All new aid projects that hire local staff should pay wages based on prevailing local wages.
3. **Shift aid away from poorly governed to strongly governed states:** Conditionality has failed because it has not been enforced and failed to directly reward countries that boost their own tax collection and anti-corruption efforts. Donors should begin a five-year programme to begin reducing aid from non-performing countries and boosting aid to performing nations independent of the ODA reform drive above. This linkage should be done in consultation with Africa's own peer performance reviews. Donors should be clear that if the NEPAD peer reviews do not exclude nations like Zimbabwe, donor system will exclude them under bilateral law and such mechanisms as the Cotonou process. This process will provide the incentive for more nations to join NEPAD.
 4. **Trade support:** Donors should offer meaningful technical and financial support to enable African states to participate meaningfully in World Trade Organisation negotiations and bring properly defended trade cases before the WTO.
 5. **Sanitary standards support:** Donors should offer technical and monetary support regional centres to conduct help meet developed world sanitary standards on agricultural products.

African Strategies

Perhaps the obvious ought to be declared here. The best way to ensure that NEPAD succeeds is for Africa to genuinely embrace it and demand action on its promises. So far that has not happened. NEPAD leaders have spent all of their time selling the idea to the developed world and virtually no effort galvanising support for it with African people. The most direct way to do this is a broad public discussion -- through meetings, speeches and the media -- of what has gone wrong in Africa and how it must be fixed. Discussing NEPAD as a plan is part of it, but the conversation go deeper into discussion of what is wrong with African political systems, how tribalism can be overcome, how democracy can be made more responsive, how executive power can be checked, how agriculture, education and health can be cost-effectively promoted.

This conversation must begin to set aside the defensiveness and denial that has gripped the reform debate and deal candidly with African problems, not because rich countries will cut off aid but because such a dialogue is the essential first step to fixing things.

There is a common line of argument that poor governance in Africa is the result of a lack of capacity. Lack of capacity in turn is blamed on poor education and poor salaries, which are blamed on lack of money. Too often

African politicians dismiss their lack of delivery by blaming those two things -- lack of money and capacity. There are some technical fields in which education matters, but the general ideas of honesty and hard work do not require a degree. African governments have for too long failed to abide by even basic standards of service delivery. President Moi, for example, shows great intelligence in manipulating the political system to his advantage and is able, when it suits him, to mobilise thousands of government agents to his purposes. Surely if that same cleverness were applied to delivering better services, things would improve. As a result, I submit that the fundamental failure in many African nations is not lack of money as much as lack of political will.

Robert Mugabe offers a telling example. He argues that the failure to redistribute land is a failure of Britain to provide funds. He spent Zim\$1 billion building a vast central bank building. He spent billions on presidential helicopters and cars. His cronies looted billions from funds meant to help wounded war veterans and build houses for civil servants. According to a government answer to a parliamentary question, 47 percent of the land given out in the first 18 years of land resettlement went to ruling party elites. At the same time, the 60000 peasant families resettled from 1980 to 1998 were given little or no support. They were dumped on land with few tools, no houses, schools or water. Agricultural extension services were allowed to wither to non-existence. Failure to maintain stable exchange rates and fair pricing policies mean the rural poor cannot afford fertiliser or seed. Yes land redistribution is important and more money would have resettled more people. But there was gross failure to deliver the basics that were well within the power of government to deliver.

Here in similar neglect of the basics in the tea and coffee sectors has led to peasants breaking into open battle with government appointees who have corruptly mismanaged coffee and tea boards. In Ghana, cocoa farmers took home 89 percent of the world price for Cocoa in 1949. A concerted policy of heavily taxing cocoa and forcing farmers to sell at grossly unrealistic exchange rates meant that by 1983 they received only 6 percent of the world price. Similar efforts in Ivory Coast led to bloated, overpaid coffee and cocoa trading monopolies while farmers were reduced to penury. Money was not the problem. The problem was a political system that was and is not concerned with the livelihood of average citizens and a political elite concerned first with securing its power and wealth. Yes more aid money might have lessened some aspects of Ivorian poverty, but all the aid in the world would not help if the systems of government are not working diligently and efficiently for the national good. I submit that in most of Africa the political system and its elites actively work against rather than for the national good.

Winning the competition for Investment

To end its underdevelopment Africa must develop productive local industry and win outside investment. To do this it must make many practical changes that reduce the cost of doing business through improvements to infrastructure, electricity, telecommunications, roads, education and government policy. These are all discussed in NEPAD but they remain the responsibility of national governments. It is fine if the NEPAD secretariat drafts plans in South Africa but it is national governments not NEPAD or the AU that must take action to change the fact that Africa is a high cost, not a low cost place to do business. Kenya has known it has a major electricity generation problem for a decade or more, but has failed for years to take action. Tenders for new generation plants were repeatedly delayed because Kenya refused to finance the development itself but also refused to crack down on corruption, which was the price demanded by the World Bank for finance.

Africa continues to win investment in the areas where it has competitive advantages that outweigh its negatives. Minerals, timber, coffee, tea, cocoa, oil are the principal areas. But Africa will never win the kind of general factories and assembly plants that Asia has won until it recasts itself as fully investor friendly. There is heated worldwide competition for every investment project and most of the time Africa is simply not in the race. To win the investment race, Africa must focus on fixing its basic business problems and focus on marketing itself not as a charity case but as a sound investment with low-cost labour, good services and available resources.

Africa also needs to think with an advertising mindset about how to change its image. Asia successfully cultivated an image -- on the back of very real successes -- of being a place where intelligent high-quality people would work long hours for low pay. Once the first US, European and Japanese pioneers reaped benefits from outsourcing manufacturing to places like Malaysia, Taiwan and Singapore, a veritable flood of Western

manufacturers shifted production to Asia to take advantage of low costs. Korea, a relative newcomer to the automobile market, entered with comparative ease in the US market because it had become widely accepted that Asian vehicles were of high quality. (Significantly India benefited hardly at all because it maintained a highly bureaucratic, investor hostile environment remarkably reminiscent of Africa.)

Recasting the African Image

While Asia benefited from a positive image, Africa suffers a profoundly negative business image. With a 40 year track record for instability, coups, misgovernance and presidents for life, Africa cannot expect its image to suddenly change because it has produced the NEPAD document. A company with a long track record for poor quality and service cannot expect its image in the market to change simply because it produced a plan declaring quality and service were now top values.

To change a negative image -- whether for a country, continent or company -- one must make dramatic observable moves into the opposite territory that previously defined one's reputation. After developing reputations for poor quality and few features, American car companies took more than a decade of intensive quality control efforts to revive their reputations and begin winning back market share from Japanese companies. They did not reverse their image by suggesting they now offer cars no worse than the Japanese but by credibly claiming to offer better designs on the most feature-laden well assembled vehicles.

What is the lesson for Africa? NEPAD is a step in the right direction. On the technical side -- infrastructure, faster transport, more efficient customs and port facilities, industry-government collaboration on policy -- NEPAD delivery will necessarily take years to produce visible results. On the governance side, the sheer promise of NEPAD has already won enormous international media attention. The Zimbabwe debate has cast a shadow on NEPAD that has the potential to shift that media attention from generally positive to negative, with every African failure again and again stacked up against the grand promises of NEPAD as evidence of the ridiculousness of its pretensions. After an initially positive reaction, the idea of African Renaissance took a similar knock when Democratic Republic of Congo unravelled into a nine-nation war and former reformers Eritrea and Ethiopia launched the continent's most intense war ever.

To avert that possibility with NEPAD and allay growing scepticism that it is yet another unrealistic African plan to win aid, NEPAD needs to make dramatic moves on the governance front. The most dramatic way would be to adopt EU standards for good governance, conflicts of interest and fiscal management. This should be matched by an aggressive public effort in participating countries to debate the standards and publicly hold leaders accountable for meeting them.

Unfortunately, NEPAD leaders have already opted for standards agreed among heads of state without public input. While eight codes of conduct have been drafted, the code pertaining to democratic practice has been delayed, an indication that it will have difficulty getting approval by the 15 leaders on the Implementation Committee.

Toning Down the Racial Rhetoric

Frequently in the discourse about African problems, perception and media coverage are raised by those who argue that Africa basically suffers from an unfair image far worse than its reality. This group, mainly politicians, argue that the media unfairly focuses on the negative to the exclusion of the positive. With a narrow news window in most developed nations, few African stories ever make the nightly news. And with 14 significant conflicts and the relentlessly bad news about AIDS, it is little wonder that negative stories dominate the television. Moreover there are very few unequivocal success stories in Africa. Yes there have been some uneventful fair elections and a fair number of the explosion of the cellular telephone industry in Africa, but the pickings are far more numerous in the negative column.

Many African leaders, including Mbeki, Mugabe, Jerry Rawlings and others, have said that this pattern implies some form of global white conspiracy to keep Africa down. Such theories, which have featured prominently in the debate over Zimbabwe, do enormous damage to the credibility of African leaders. Given the frequency with which this argument is advanced and the damage it does, the idea must be taken on directly.

At best the image-problem theory asserts that Africa is no worse than anywhere else, which is essentially an admission that it is not yet a compelling business destination and needs investment decisions to be made on the basis of charity rather than financial advantage. Further, this theory shows a pronounced Soviet way of thinking, which assumes that conspiratorial states really can control the decisions taken by private industry and that industry makes decisions based on racial agendas rather than profit. Clearly some firms are largely nationalist, but these are not the class of firms that partake in global investment. This latter class is what Africa seeks to assert that such multinationals are part of a cabal is to defy common sense and the reality of trillions of dollars of multinational investment around the globe.

A good example of this reasoning occurred when the SADC sent a ministerial team to verify whether Mugabe had upheld his promises to halt violence and restore the rule of law. Instead of examining fulfilling their mandate by examining the Zimbabwe situation, the group passed a declaration asserting that the principal problem was biased media coverage: “by the partisan and biased manner in which a sector of the international media has misrepresented the land policy of the government of Zimbabwe which seeks to effect a just and equitable redistribution of land in a situation where one per cent of the population owns over seventy per cent of the best arable land.”

The implication is that the famine, closed factories, foreign currency shortages, political violence were imaginary or perhaps acceptable events. To the outside world, such comments about the media are seen as embracing dictators and racial solidarity that casts enormous doubts about Africa's capacity to be objective. To the rest of the world, the essential facts of Africa are unequivocal: one in three African nations is involved in war or serious social instability. Per capita incomes are now lower than they were three decades ago. Corruption is pervasive and deeply damaging. The question outsiders ask is how can Africa be taken seriously when it asserts that governance problems are being addressed if it believes that the meltdown in Zimbabwe is acceptable or a manifestation of the media?

On another level conspiracy/unfairness rhetoric alienates the friends Africa does have in the West. Clearly Africa has been shown enormous goodwill by many nations, even if some are merely lukewarm in their generosity. Among those friends and fence sitters, accusations of white supremacy are insulting but also seen as paranoid and childish. As a rule, those who want to see NEPAD succeed should concentrate on identifying their friends, ignoring their enemies and focus complaints on specific accusations of unfairness where remedial action can be taken rather than sweeping theories of conspiracy that are impossible to disprove and achieve nothing beyond raising doubts about the paranoia of African leaders.

Summary

In conclusion, for NEPAD to succeed, it must establish momentum and counter the creeping negativity about its governance aims by taking some dramatic steps to install and enforce high standards of fiscal, economic and political governance. It must engage the African public in a real debate about governance and policy. It must begin delivery on improving the quality of infrastructure, services and government management. It must consult with and encourage the businesses enterprises that Africa does possess while courting international investment. And it must develop non-political, technocratic institutions for setting and adjusting trade, tariff and other industrial policies with active input from business and academia.