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The New Partnership for Africa's Development: progress in implementation and international support**The New Partnership for Africa's Development (NEPAD): Fourth consolidated report on progress in implementation and international support****Report of the Secretary-General**

Summary

This fourth report of the Secretary-General on the progress in the implementation of and international support for NEPAD coincides with the 5th anniversary of its adoption by African leaders. The progress made in 2005 both in terms of the regional efforts to implement NEPAD and in the commitments by the international community in support of Africa has provided a basis for speaking of a new momentum of action for Africa's development. The major task that lies ahead is to consolidate that momentum by delivering on commitments. The main stakeholders have to contribute to that effort. On the African side, this would entail the governments taking steps to address a range of institutional and partnership issues, including integrating NEPAD into AU structures and processes, providing greater support for the private sector and promoting more outreach to civil society. For their part, Africa's development partners should undertake timely and effective delivery of their pledges. The encouraging progress on debt write-off should be matched by corresponding effort to achieve the targets for official development assistance to Africa, to support the diversification of Africa's economic and export structures and to improve market access for African exports and to strengthen Africa's participation in world trade. The UN system can enhance its contribution to Africa's development by improving coordination of its work in support of NEPAD and by enhancing collaboration between the entities of the UN system and the AU Commission, including its NEPAD programme.

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Introduction

1. In resolution 60/222, the General Assembly requested the Secretary-General to submit a comprehensive report on the progress on the implementation of and international support for NEPAD on the basis of inputs from governments, organizations of the United Nations system and other stakeholders in the New Partnership. The present report responds to that request.

2. The progress made in the last 12 months both in terms of the regional efforts to implement NEPAD and in the commitments made by the international community has provided a basis for speaking about a new momentum for Africa's development. This report aims to highlight the significant developments in the past year. In doing so, the report has drawn on the information and data provided by Member States, regional organizations, the NEPAD secretariat and entities of the UN system. Information on the supportive actions by the private sector and civil society has been integrated into various parts of the report.

3. This report has also benefited from the second report of the Secretary-General's Advisory Panel on International Support for NEPAD, entitled "*From Commitments to Results: Moving Forward NEPAD Implementation*" (see A/61/138). The panel underlined the urgent need for African leaders to develop an appropriate and technically coherent framework to address the institutional relationship between the AU Commission and the NEPAD secretariat and for the creation of mechanisms for multi-stakeholder consultations to enable Governments to involve the private sector and civil society participation in NEPAD's implementation. The Secretary-General endorses this proposal as well as the panel's view that the major task that lies ahead is to build on the current momentum by translating the commitments into concrete results. The Secretary-General also welcomes the panel's finding concerning assurance of continuing support for Africa given by the development partner Governments and institutions and its view that in spite of the progress made so far, there can be no room for complacency, as that would threaten the momentum.

II. Actions by African countries and organisations

4. On the occasion of its 5th anniversary, it is worth recalling that NEPAD is "a pledge by African leaders, based on a common vision and a firm and shared conviction, that they have a pressing duty to eradicate poverty and to place their countries, both individually and collectively on the path of sustainable growth and development"¹. But NEPAD is more than a pledge. It represents a paradigm shift in the way that African Governments and peoples conceive their development strategy. A central part of that strategy is a selected set of priorities vital for jump starting and sustaining growth and development.

Infrastructure

5. The programme on infrastructure continues to be pursued on two tracks: implementation of the Short Term Action Plan (STAP) for infrastructure development and development of the Medium to Long Term Strategic Framework (MLTSF).

6. Regarding STAP, while African countries take the lead as owners of the programmes and projects in national contexts, the regional economic communities (RECs) serve as coordinators and implementing agencies for regional projects, the African Development Bank (ADB) and other bilateral and multilateral agencies provide funding. The ADB has funded 25 projects/programmes in the period 2002-2005 worth US\$630 million, mobilized co-financing worth US\$1.6 billion and has funding in the pipeline for 2006 worth US\$472 million. The multi-donor NEPAD Infrastructure Project Preparation Facility at ADB has provided funding for preparation of 6 regional projects, namely: Kenya-Uganda Oil Pipeline; Benin-Togo-Ghana Power Inter connection Project; Zambia-Tanzania-Kenya Electricity Interconnection Project; COMTEL Project; East African Submarine Fiber Optic Cable System (EASSy) and Organisation pour la Mise en Valeur du Fleuve Gambie (OMVG) Electricity Interconnection Project.

7. As part of the effort to mobilize resources for the implementation of the infrastructure programme, an Infrastructure Consortium for Africa has been established with the secretariat located at the ADB Headquarters. Through the Consortium funding has been secured for 10 regional projects worth US\$700 million and 34 country projects estimated at US\$2 billion².

8. The development of the Inga power resources is vital to increasing the electricity generation under NEPAD's infrastructure programme. In pursuit of this effort, the Government of the Democratic Republic of Congo (DRC), with support of the ADB and NEPAD secretariat, held a roundtable discussion in April 2006 on the development of the Inga Sites to bring together all relevant major stakeholders, update them on the sensitive issues surrounding the Inga site and formulate a road map towards financing its development. Another international roundtable workshop is planned for end July 2006 with the objective of attracting potential investors and donors to finance the necessary studies.

9. The Trans-boundary Water Resources Management Programme focuses on developing trans-boundary water resources management and development action plans initially at the ten river basins in Africa. The selected river basins are: Niger, Senegal, Nile, Congo, Lake Chad, Zambezi, Okavango, Lake Victoria/Kagera, Orange/Senqu and Volta. An agreement was reached to establish the Volta River Basin Organisation. This process is supported under the European Union (EU) Water Initiative. The secretariat for operationalisation of the African Energy Commission (AFREC) has been established and hosted by Algerian Government. The convention has not yet reached the adequate number of ratifications to be in force but the process of ratifications is underway in member states and is close to completion. The secretariat is already in the process of establishing the Ministerial Board and the Technical Advisory Bodies.

10. In the transport sector, the NEPAD secretariat launched the NEPAD Spatial Development Program (NSDP) in March 2006. The NSDP is aimed at sustainable provision of integrated transport (along transport corridors, across roads, railways, ports) and other infrastructure systems (energy, water, etc.) that are linked to potential economic nodes or areas for a given country or sub-region of the continent. It complements and strengthens the NEPAD transport infrastructure programme in the STAP as well as other NEPAD infrastructure programs in energy, water and ICT. In addition, the Uganda-Kenya Railways concession is in progress and the feasibility study of concessioning Tanzania Railway Corporation is also underway.

11. The terms of reference for the study to develop the MLTSF have been finalized. The NEPAD secretariat, with the assistance of the ADB, has completed the process of recruiting consultants who will undertake the MLTSF Study. Funding for the study has been secured from the ADB and the Nigerian Technical Fund managed by the ADB.

Information and Communication Technologies

12. Over the last twelve months, e-Africa Commission has focused its efforts on three major components of the e-Schools Initiative (the NEPAD e-Schools Demonstration Project (Demo), the NEPAD e-Schools Business Plan, and the NEPAD e-Schools Satellite Network) and the Broadband ICT network. Signing of the Memoranda of Understanding (MoU) of the NEPAD e-Schools Initiative is proceeding steadily. In particular, since January 2006, six African countries have signed the MoU, namely: Mozambique in January 2006; Egypt and Mauritius in February 2006; Nigeria and Mali in March 2006, and Burkina Faso in May 2006. This brings the total number of countries involved in the NEPAD e-Schools program to thirteen. During the following months efforts will be made to encompass all 20 countries into the first phase of the program.

13. An innovative public private partnership drives the Demo and ensures its most effective implementation. Five consortia, led by Microsoft, HP, Oracle, Cisco and AMD, are expected to have completed deploying equipment, content, connectivity and training in the 120 secondary schools participating in the Demo by December 2006. Six secondary-level schools were selected to participate in the Demo Project in the first-phase countries participating in the NEPAD project. To date, four countries (Uganda, Ghana, Lesotho and Kenya) have held official launches. The NEPAD e-Schools Business Plan outlines the funding and other resource requirements as well as critical elements, inputs and processes that would form the basis for the implementation rollout. With funding from the South African Government, the Commission has engaged Ernst and Young to develop the business plan for the NEPAD e-Schools Initiative, to be ready by November 2006.

14. Given the relatively poor state of connectivity on the African continent, studies are being conducted towards the establishment of a satellite network which will connect all NEPAD e-Schools to the internet. Through funding from the Swiss Agency for Development and Cooperation (SADC), a consultant has been appointed to define and provide a preliminary design and architecture of the NEPAD e-Schools satellite network.

The final report of this preliminary study is expected at the end of August 2006. The East African Submarine System (EASSy) optic fiber cable project, estimated to cost US\$280 million, is expected to be ready for commercial service by 2008. To date, there are twenty-nine MoU signatory Companies for the Development of the EASSy Submarine Cable. Construction of the cable has been delayed due to the complex negotiations, involving ownership, financing and governance structures. Crucial meetings are in the pipeline to take place between investing companies, governments and development finance institutions aimed at addressing these issues and meeting the target date for its deployment.

15. At the request of the e-Africa Commission, several Governments in Eastern and Southern Africa have contributed the expertise of policy makers, and regulators in order to support the Commission in its endeavors to develop a policy framework under which the Broadband ICT Infrastructure Network should be developed and implemented. To this end a meeting of ministers responsible for ICT in the Eastern and Southern African was held in Johannesburg, South Africa in June 2006.

Health

16. The past year has witnessed continuation of the efforts aimed at strengthening Health Systems in Africa and in particular addressing the Human Resources for Health crisis. This effort has benefited from collaboration between NEPAD and the World Health Organization both at the level of Headquarters in Geneva and the Regional Office for Africa (WHO Afro). This partnership effort has seen the launch of the Global Health Workforce Alliance (GHWA). Amongst many activities was a co-hosting with WHO Afro and African Consultation on Human Resources for Health which has led to the establishment of the African Platform of the GHWA. NEPAD has also partnered with WHO in the development of the Treat, Train, and Retain initiative which brings together efforts on the AIDS and Health System challenges. NEPAD has been invited to participate in a number of key policy and strategy meetings, including the High Level Fora on the Health MDGs, the WHO Partnership Forum and the Montreaux Consultation on Health Systems. Collaboration with UNAIDS, in particular its office for Southern and East Africa has continued, in particular in the field of mainstreaming, political support and engagement and monitoring and evaluation.

Education

17. There continues to be reasonable progress in advancing various projects, which are at different implementation stages. To ensure timely and effective implementation of NEPAD Education projects, NEPAD secretariat is consulting with various partners and focusing on resource mobilization efforts for the projects. For the "Basic Education and Education for All" project, efforts include mobilizing financing for the planned NEPAD Basic Education Conference for the SADC region and for a joint NEPAD-UNESCO Priority Programme for Primary / Basic Education in Africa. With respect to the "Building Capacity in Education Research and Development in Africa" project, the focus is on implementing the proposal to develop a database of research and development projects for secondary schools in Africa. For the "Gender Equality in Primary and

Secondary Schools in Africa” project, a scheme aiming to mainstream a gender responsive pedagogy in the school systems in sub-Saharan Africa is underway. The project will be implemented in partnership with the Forum for African Women Educationalists (FAWE). For “*The School Feeding and Nutritional*” project, NEPAD secretariat is in negotiations about implementation of a school feeding and nutritional project between NEPAD and 3 countries (Angola, Democratic Republic of the Congo and Mozambique).

18. For the “Distance Education and Teacher Training and Development” project, with the collaboration of University of South Africa, African Virtual University, Commonwealth of Learning, and National Open University of Nigeria, NEPAD secretariat has finalized reports of baseline studies in Angola and Mozambique. Five member countries of the Economic Community of West African States, namely, Benin, Burkina Faso, Ghana, Nigeria, and Senegal are expected to participate in the project. Preparations are underway to involve five countries in the Economic Community of Central African States (ECCAS). For the “Education in Post-Conflict Environments: Mathematics, Science and Technology Education for Teachers” project, the NEPAD secretariat and the SMASSE-WECSA Association (Strengthening of Mathematics and Science Education – West, East, Central, Southern Africa) are planning missions to work out implementation modalities in 5 post-conflict countries (Angola, Democratic Republic of Congo(DRC), Mozambique, Rwanda and Sudan). For the” Mathematics, Science and Technology” project, the center for Mathematics, Science and Technology Education in Africa (CEMASTEА) has been launched as a flagship project of NEPAD. Teachers from more than twenty African countries have undergone training at CEMASTEА.

Environment

19. Significant steps were taken toward the implementation of the NEPAD Environment Plan. The revised draft of the NEPAD Sub-regional Environment Action Plans (SREAPs) is now ready for ministerial adoption in the respective sub-regions. Three priority projects per sub-region have been identified during the eleventh session of the African Ministerial Conference on the Environment (AMCEN), held in Brazzaville, Republic of Congo in May 2006. The NEPAD secretariat and the Development Bank of Southern Africa (DBSA) are finalizing an agreement on the development of a joint capacity building programme to accelerate the implementation of the NEPAD Environment Action Plan in five sub-regional African economic communities. The main areas of support proposed under the agreement are: information sharing, publication and dissemination, project funding, and teaching and training. This joint programme comes as an additional support to the current UNEP/Global Economic Facility (GEF) Capacity Building Programme that is funding the development of the SREAPs and has already begun a training programme on priority and emerging environmental issues that affect socio-economic and sustainable development.

20. The implementation of the Africa Stockpiles Programme (ASP) – one of the priority projects of the NEPAD Environment Action Plan – has taken centre stage with the NEPAD secretariat being in charge of its coordination unit and a confirmed strategic

partner in the core implementation. Through the support of the World Bank, FAO, CropLife International, amongst other partners, South Africa and Tunisia have signed on to the project and have already begun its implementation, while Ethiopia, Mali, Morocco, Nigeria and Tanzania are due to begin implementation in the second half of 2006.

Agriculture

21. The Implementation of the Comprehensive African Agriculture Development Program (CAADP) framework at both country and regional economic community levels is making good progress. The focus has been on promoting food security and enhancing agriculture production through sustainable land management, increasing food supply, improving and enhancing nutrition and enhancing research and flow of technologies in Africa. A coalition of bilateral and multilateral institutions, including the UN agencies, has been brought together to support the implementation of the Sustainable Land Management Component. A planning process to mobilize 50 percent of the new resources under the Global Environment Facility (GEF) for Africa is in advanced stages. Judging from the level of the last replenishment of the GEF resources, this effort is likely to generate US\$100 to US\$200 million over a four year period. About US\$1.5 million have been mobilized, including the support to the NEPAD secretariat.

22. As a result of the World Bank's launch of the preparatory programme for the Multi-Country Agricultural Productivity Program (MAPP) in three RECs (SADC, ECOWAS and ECCAS) in October 2005, SADC signed an agreement of US\$1 million to begin the process of project preparation. The Forum for Agricultural Research in Africa (FARA) has, in consultation with stakeholders, developed the Framework for African Agricultural Productivity (FAAP). The FAAP and related research and technology programs led by FARA have mobilized US\$13 million in 2006. The level of funding for these programs is projected to reach nearly US\$50 million by 2010. At the regional and country levels, US\$50 million have been mobilized for the SADC region and a process is ongoing to prepare a similar program for West and Central Africa.

23. Two programmes are currently underway to promote agrobusiness operators in the COMESA and ECOWAS regions. Discussions are in progress with leading chambers of commerce and industry in Africa and global agribusiness organizations to initiate complementary efforts to facilitate business alliances and public-private sector partnerships. Similar contacts are being initiated with leading regional agribusiness associations and regional farmers' organizations across Africa. ECOWAS and COMESA are in the middle of the process of finalizing the implementation of the action plan of the Regional CAADP Compacts which include: (i) investment frameworks for each of the pillars; (ii) a set of regional early action programmes; and (iii) mechanisms for coordination and peer review. The plan is to finalize and submit the compacts for the adoption by their respective organs by fall 2006.

24. A Regional Water Management and Food Security Program, worth US\$150 million, is in advanced stages of preparation in 10 countries of the SADC region: Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, United Republic of

Tanzania, Zambia and Zimbabwe. The proposed activities include investment in better management of river basin water resources; investment in basic strategic public infrastructure for water control, including promotion of private sector irrigation; investment in small-scale water management, including rainfall-harvesting and drip irrigation; establishment of partnerships with farmer organizations and local administrations to manage access to and use of farm land. Significant resources are already being spent in these countries to prepare for the implementation of the program. Efforts are also underway to include irrigation infrastructure into the Infrastructure Consortium for Africa, the International Water Facility, and the Rural Water Supply and Sanitation Initiatives.

25. The Africa Fertilizer high-level Summit was held in Abuja, Nigeria, in June 2006. The objective of the Summit was to make fertilizer available and economically accessible to farmers, with the objective of stimulating the “African Green Revolution”. The Summit produced a 12-point resolution, defining plans and strategies for promoting an increased and effective use of fertilisers in Africa. One of the recommendations was that the level of use of fertilizer should be increased from the current average of 8 kilograms per hectare to an average of, at least, 50 kilograms per hectare by 2015.

Science and Technology

26. The NEPAD secretariat has prepared a comprehensive data set of indicators in the field of science, technology and innovation, which are designed to guide countries in the preparation of national science and technology strategies and plans. For the African Biosciences Initiative, regional networks have been established in all regions of the continent. The biosciences network for Southern Africa has been established with the regional hub hosted by the Council for Scientific and Industrial Research (CSIR) in the Republic of South Africa. The activities of the network will involve research and development in human health, animal health/production, industrial and mining bioprocessing, environmental remediation and plant/crop biotech.

27. In addition, the International Livestock Research Institute (ILRI) in Nairobi, Kenya, serves as a home for the biosciences hub for the Biosciences East and Central Africa (BECA). Progress has been made in improving infrastructure at the hub. Nodes to the hub that are being considered are Makerere University in Uganda and the Kigali Institute of Science and Technology in Rwanda. The Senegalese Agricultural Research Institute (ISRA) of Senegal is hosting the regional hub for the West Africa Biosciences Network. The network will concentrate on research and development in agriculture based on priority areas identified by the region. In addition, the National Research Centre (NRC) of Egypt is hosting the North Africa Biosciences Network with the Technopark of Borji Cedria of Tunisia, Biotechnology Research Centre of Libya, Mentouri University of Algeria and University of N’Djamena of Chad serving as nodes.

28. For the African Water Sciences and Technology Network, an amount of €150,000 has been mobilized for the design of a programme on research and technology for a network of centres of excellence in Water Science and Technology. The network is scheduled to

be launched in 2006. In the area of modern biotechnology, a panel of 14 eminent African scientists and policy analysts was summoned by the NEPAD secretariat and the AU Commission to prepare a comprehensive common African policy position on the development and use of genetically modified crops and other products of modern biotechnology. The panel held its first meeting in early August 2005. It has identified specific issues that require a common African approach, particularly in those areas pertaining to trans-boundary movement of genetically modified products and their impacts on the African economies.

29. The second Ministerial Conference on Science and Technology was held in Dakar, Senegal in September 2005. It adopted Africa's Science and Technology Consolidated Plan of Action and agreed to create African Science and Innovation Facility as a financing mechanism for the implementation of the Plan of Action. An indicative budget of US\$160 million has also been adopted with the aim to increase the facility to US\$15 billion.

Gender mainstreaming and civil society involvement

30. The main institutional mechanisms for strengthening gender mainstreaming and deepening civil society involvement were established in 2005, namely the gender and civil society unit at the NEPAD secretariat, the gender task force and the NEPAD-civil society think tank. A three year comprehensive strategic plan was developed as a guide to action on gender mainstreaming.

31. The NEPAD Gender Task Force participated in several regional and international conferences during the past year. More importantly, it convened four thematic teams to participate in needs assessment efforts requested by national and regional institutions. These included the Democracy and Governance team to provide technical services to the Committee on Gender of the Pan African Parliament and the African Peer Review Mechanism (APRM) team to provide gender expertise and build capacity on gender perspectives of the APRM for relevant stakeholders and women civil society organisations under the auspices of the Commission on the Status of Women in the Presidency of the Republic of South Africa. Two other teams were formed to support the Economic, Trade, and Tourism Clusters for the AU Expert meeting in Arusha, Tanzania to prepare for the WTO Ministerial meeting in Hong Kong and the Peace and Security Clusters for the ECOWAS.

African Peer Review Mechanism

32. Twenty five countries have so far acceded to the APRM: Angola, Algeria, Benin, Burkina Faso, Cameroon, Republic of Congo, Egypt, Ethiopia, Gabon, Ghana, Kenya, Lesotho, Mali, Malawi, Mauritius, Mozambique, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Sudan, Tanzania, Uganda and Zambia.

33. Support missions aimed at evaluating the preparedness and national capacity for self assessment and for preparing national action plans took place in five countries in 2005:

Uganda (February); Nigeria (March); Algeria (July); South Africa (November); and Benin (November). Since January 2006, support missions have been fielded to Burkina Faso, Lesotho, Mali, Sierra Leone and Tanzania. South Africa has completed its self assessment and the APR Panel undertook a review mission to that country in July 2006. This will pave the way for Country Review Report of South Africa to be submitted subsequently to the APR Forum – the highest organ of the APRM process that brings together the Heads of State and Government of the participating member countries. So far three countries, namely Ghana, Rwanda and Kenya, have completed the peer review process. Their country review reports have been considered by the APR Forum.

34. While the APRM reviews reports differ in their main findings in each of the three countries that have completed the peer review, they nonetheless point out governance challenges that are common among the countries. Notably, these include the need to deepen democracy through yielding more space for organized political activity, promoting justice and human rights, reforming land ownership and tenure policies, increasing efforts at combating corruption, empowering women, managing diversity, and reducing inequality and poverty among their citizens.

35. At the same time, the commitment of African countries to the APRM has been amplified by several recent trends and developments in the region. First, some countries are adopting policy measures to strengthen accountability and transparency in their countries, for example, by drawing Citizens Charter for their public services, by developing Equal Opportunity Acts; and by drafting legislation on Freedom of Information Act. Mauritius, has initiated action on all three measures.

36. Moreover, the convening of the 6th African Governance Forum (AGF) under the theme of implementing the APRM: Opportunities and Challenges held in Kigali, Rwanda in May 2006 has offered impetus to the APRM. The AGF is not part of the governance structure of the APRM but is an important vehicle for sharing experiences on governance issues in Africa. Several key messages emerged from the AGF which will impact positively on the evolution of the APRM: these are that in order to facilitate its speedy implementation, the APRM processes, instruments and institutional arrangements need to be constantly adjusted, strengthened and simplified, taking into account local conditions and innovations; APRM commitments need to be mainstreamed into African countries' development plans and strategies; and that mutual learning through advocacy and awareness-building are central to the successful implementation of APRM.

37. The completion of the peer review by some countries and the efforts at preparing national self assessment and programme of action by others represent a strong reaffirmation of the commitment by African Governments to advance this critical component of the NEPAD agenda.

III. Response of the international community

Building on the momentum of international support for Africa's development

38. One year after much support was promised to Africa, as evidenced by commitments made by Africa's development partners in various forums in 2005, the focus of attention has shifted to how those commitments are being delivered. There is much recognition that only through timely and effective delivery of the pledges already made, beginning in 2006 and continuing in subsequent years, can the momentum of international support for Africa be maintained.

39. The momentum is built around three types of commitments: those initiatives that have been made in direct response to help advance the NEPAD agenda; the pledges made in the context of the outcomes of various recent international summits and conferences that respond to the specific needs of Africa; and those from on-going international processes that are not aimed primarily at Africa but from which African countries would ultimately benefit. The past year has witnessed a promising start to delivery on commitments. Even so, progress has been more marked on debt relief than on official development assistance (ODA) and trade.

40. Several of Africa's development partners have taken a range of actions or new initiatives. The United Kingdom announced in June 2006 the establishment of an independent, high level Africa Progress Panel to track aid promises made by the G8 summit in 2005. The Republic of Korea announced in April 2006 its Initiative for Africa's Development which, commits the government to triple the overall amount of ODA by 2008, increase opportunities to share with African nations its own developing experiences, and contribute to the development of human resources by extending support for basic and vocational education.

41. Moreover, Italy has cancelled the entire debt of 7 African countries and partially cancelled the debt of 13 other countries. Sweden will for the first time give one per cent of its GNI to ODA this year, of which a substantial part already goes to its cooperation programme in Africa. Denmark's ODA amounted to 0.81 per cent of GNP in 2005, with a major part of its bilateral assistance earmarked to Africa and the amount will increase even further in the years to come. The UK has increased its ODA to Africa by 20 per cent between fiscal year 04/05 and 05/06.

42. In terms of innovative financing mechanisms, France organised in February 2006 a conference on financing for development to implement the International Finance Facility (IFF), at which an initiative was proposed to fund the International Drug Purchase Facility through an air ticket solidarity contribution. The UK and France have agreed to establish a working group on the implementation of the IFF funded by airline departure levies. Turkey decided in 2005 to establish a working relationship with NEPAD to help in the implementation of NEPAD's projects. The Russian Federation, in addition to canceling bilateral debt to African countries worth US\$11.3 billion in the past few years, is expected to cancel a further US\$700 million in bilateral debts in 2006. The EU has

established a fund for infrastructure projects in Africa which will have €60 million in grants from the European Commission and up to €260 million in loans from the European Investment Bank for water, electricity, communication and transport projects.

43. The Millennium Villages, which contribute to the implementation of the quick impact initiatives, are now operating in ten African countries. Established with the help of UNDP, the UN Millennium Project, the Earth Institute of Columbia University and the World Agroforestry Centre with financial support from Japan through the Human Security Fund, the Millennium Villages show how modest financial resources can help reduce poverty in rural Africa through carefully targeted practical investments in agricultural productivity, health, education, basic infrastructure and improved environmental management. These areas of interventions are consistent with the main priorities of NEPAD.

Official Development Assistance

44. In conformity with the commitments made at the Monterrey Conference to allocate at least half of the increase in ODA to Africa by 2006, the G8 countries increased their assistance to the continent by an estimated US\$6 billion during the period 2001-2004. Based on commitments made by the G8 members and other Development Assistance Committee (DAC) donors in 2005, total ODA can be expected to increase by some US\$50 billion per annum in real terms between 2004 and 2010, with the increase to Africa amounting to US\$25 billion per annum over the same period (see annex figure 1).

45. The trend of significant increases in ODA to Africa continued in 2004-5. Much of the increase in 2005 was due in part to huge debt write-offs. One recent report has noted that the G8 countries spent an extra US\$16 billion in Africa in 2005; and to be on track to meet the 2010 commitments, they must collectively increase ODA by US\$4 billion to Africa in 2006 and each year thereafter³. However, aid not rising nearly fast enough across the G8 countries to deliver on their pledges made at the Gleneagles G8 summit in 2005⁴. Much of the observed increase continues to take the form of emergency aid, debt relief and technical assistance that do not necessarily mean financial transfer to developing countries.⁵

46. Efforts to improve the quality of aid as reflected in the *Paris Declaration on Aid Effectiveness* in March 2005 are moving forward. The World Bank, for example, has recently launched *Aid Effectiveness Review 2006*, coordinated with the 2006 Survey on Monitoring the Paris Declaration. The Review will cover 72 countries. Individual country profiles that form the backbone of this Review are posted on the World Bank website, including profiles of Burkina Faso, Ghana, Guinea, Mauritania, Senegal, Sierra Leone, Tanzania and Uganda.

Debt Relief

47. The last twelve months witnessed a substantial progress in extending and deepening debt relief provision to African countries. It is widely acknowledged that debt relief is the one area where the G8 countries have kept their commitment⁶. Following the decision of the G8 countries at the Gleneagles Summit to grant 100 percent cancellation of the multilateral debt owed to the International Monetary Fund (IMF), the International Development Association (IDA), and the African Development Fund (ADF) by African countries-participants in HIPC initiative, actions have been taken with respect to the two initiatives: the Multilateral Debt Relief Initiative (MDRI) and bilateral debt initiative. Under the MDRI, donor countries are committed to provide additional resources to the three international financial institutions to ensure that debt forgiveness does not erode their financial capacity. Under the MDRI framework, debt relief is granted to HIPCs that since the completion point have demonstrated satisfactory performance in three key areas: macroeconomic policy, implementation of a poverty reduction strategy and strengthening public expenditure management systems.

48. The IMF approved a 100 per cent debt relief of about US\$2.6 billion for 14 initial African countries in December 2005, and about US\$225 million for Cameroon in May 2006, with a debt cut-off date set for end-2004 and an effective delivery of debt relief scheduled for January 1, 2006. Similarly, in May 2006, the World Bank approved its debt relief for initial 13 African countries and Cameroon of about US\$22. 2 billion with a debt cut-off date set for end-2003 and an effective delivery of debt relief scheduled for July 1, 2006.⁷ Also, total ADF's debt relief of about US\$5.6 billion for 13 initial African HIPCs and Cameroon became effective in April-May 2006, with a cutoff date of end-2004 and an implementation date of the beginning of 2006. Furthermore, under the MDRI proposal, ten other African countries expected to reach HIPC completion point within 12-18 months, would also become eligible for debt relief (see annex table 1).

49. Overall, substantial progress has been made in the implementation of the HIPC initiative. As of June 2006, the existing HIPC initiative delivered debt relief for 15 African countries: Benin, Burkina Faso, Cameroon, Ethiopia, Ghana, Madagascar, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, Tanzania, Uganda and Zambia. Cameroon reached the completion point in April 2006, and the Republic of Congo reached the decision point in March 2006. On the bilateral level, as a result of the Paris Club agreement signed in October 2005, Nigeria obtained a debt write-off of an estimated US\$18 billion, representing 60 percent of Nigeria's eligible debt to the Paris Club creditors of around US\$30 billion, a settlement of arrears in the amount of US\$6.3 billion, and an additional US\$6.1 billion in debt buyback. In June 2006, the Paris Club agreed to grant Cameroon a debt relief of about US\$2.6 billion, amounting to 74 percent of the claims on Cameroon.

50. Also, several G8 creditors have continued their policy of granting debt cancellation of 100 percent to selected African HIPCs, going beyond the terms under the HIPC Initiative. In particular, in December 2005, Zambia received 100 percent debt write-off from France, Japan and the United States of about US\$79 million, US\$692 million, and US\$280 million, respectively. Furthermore, in January 2006, in compliance with the

Gleneagles Summit agreement, Denmark cancelled the debt of about US\$576 million for 8 African countries: Angola, Congo, Kenya, Liberia, Nigeria, Somalia, Sudan, and Swaziland. In March 2006, Spain granted Senegal a debt write-off of around €65 million.

51. The MDRI is expected to dramatically reduce debt burden indicators in African countries and provide additional financial resources to promote growth and human development objectives. However, the MDRI does not include other multilateral institutions besides the ADB, IMF and the World Bank.

52. Moreover, the MDRI does not envisage any bilateral or private debt relief. Servicing such debt, however, could prove onerous for African low-income countries as terms attached to private commercial debts make them vulnerable to financial exogenous shocks, in particular, to an increase in the risk premium or exchange rate fluctuations. Therefore, in order to capture the full benefits from the debt relief, African countries ought to strengthen their public expenditure management systems. They also need to manage post-relief borrowing to prevent the deterioration of their long-term debt sustainability.

Trade

53. Despite some results at the Hong Kong ministerial trade talks, overall progress in the Doha Round has been quite slow. At the Hong Kong talks in December 2005, an agreement was reached to eliminate export subsidies on cotton in 2006 and end all forms of agricultural export subsidies by the end of 2013. However, export subsidies only represent a small share in the support given to agriculture in OECD countries. Much of the support comes in terms of trade distorting domestic price support and agricultural tariffs.

54. In addition, developed countries pledged to grant duty- and quota-free market access to at least 97 percent of products originating from Least Developed Countries (LDCs) by 2008, with the exception of some 300 sensitive products (such as sugar and rice) that are of interest to African countries. This 3 percentage point difference could mean the exclusion of the entire range of exports of LDCs which are concentrated in certain items. Some progress was achieved with cotton: commitments were made to eliminate export subsidies in 2006 and African countries will have free access to the cotton markets in advanced countries. The US recently approved the removal of export subsidies for cotton by August 2006. However, even though the EU and the US have promised a reduction of domestic subsidies for cotton, no specific dates have been set, implying that the African cotton producing nations, all of which are LDCs, might not benefit from this commitment in the near future. It is hoped that the indefinite suspension of the Doha Round of trade negotiations would not lead to unravelling of limited undertaking to the developing countries, in particular the LDCs .

55. Last year witnessed several aid-for-trade commitments from developed countries, which aim to help developing countries expand their capacity to export. The US has promised to double its aid-for-trade budget to developing countries to US\$2.7 billion a

year by 2010. The EU announced the plan by its member countries to increase their trade-related aid to developing countries to an annual €1 billion starting from 2010, more than a double increase on their current €400 million. This matches the €1 billion per year trade-related assistance starting from 2007 pledged by the European Commission in July 2005; meaning that the total EU trade related assistance will increase to €2 billion by 2010. Japan pledged to provide a trade-related aid package of US\$10 billion over the next three years.

Foreign Direct Investment

56. In 2004, the year for which most updated data is available, FDI flows rose in 40 African countries, while 13 countries witnessed a decrease in these flows. Among the five sub-regions, North Africa attracted about one third of FDI in 2004, particularly in the oil and gas sector. While FDI flows increased in East and West Africa, they declined in Central and Southern Africa. Most of the increase in FDI to Africa was in the area of natural resource exploitation, spurred by rising commodity prices. While the top five recipient countries attracted over US\$8.5 billion, the top ten countries accounted for 70 percent of FDI in 2004.

57. In an effort to attract more FDI, African countries have taken a number of FDI-friendly measures and initiatives in 2004. Most of the measures were directed at liberalizing legal frameworks and improving investment climate. These efforts included the simplification of investment procedures and fiscal regimes, the establishment of advisory councils for investors as well as the organization of investors' meetings and conferences. In addition, many African countries have scaled up their investment promotion efforts.

58. In support of regional drive to increase FDI, Africa's development partners launched in 2005 in the context of the NEPAD-OECD Africa Investment Initiative, the Investment Climate Facility (ICF). The facility, which is a public-private partnership, was formally established in June 2006 at the World Economic Forum on Africa, in Cape Town, South Africa. Expected to have a lifespan of seven years, the ICF aims at improving Africa's investment environment and achieving the MDGs by removing real and perceived impediments to doing business on the continent. To this end, the ICF will focus on supporting various Governments in creating legal, regulatory, and administrative environments that encourage businesses to invest, grow and create jobs. One of its main goals is to improve Africa's image as an investment destination through a coordinated effort of publicizing improvements in the investment climate. In this respect, it was announced that the ICF had successfully secured over US\$100 million in initial endowments. The Netherlands have pledged about US\$20 million over the next three years; Ireland has pledged to contribute US\$2.5 million, while both the UK and the International Finance Corporation (IFC) have committed US\$30 million each. Furthermore, Anglo American Mining Co., SAB Miller and Shell Corporation have pledged US\$ 2.5 million each, Unilever has committed US\$ 2 million.

South-South cooperation

59. Several developing countries have continued to offer support to Africa. The 4th Senior Officials Meeting of the Forum on China-Africa Cooperation (FOCAC) convened in Beijing, China, in August 2005, conducted a mid-term evaluation of the implementation of the Addis-Ababa Action Plan for 2004-2006 adopted at the 2nd FOCAC Ministerial Conference in December 2003. The meeting welcomed the commitment of the African countries and China to jointly work towards the attainment of the objectives and ideals of Africa's socio-economic rebirth as embodied by the NEPAD programme, and agreed that the two sides have achieved positive results in their cooperation in a number of areas, including economic development, trade, human resource training, education, public health, and energy.

60. India has created a line of credit of US\$200 million for cooperation on NEPAD projects and has separately allocated US\$500 million, out of which agreements amounting to US\$282 million has been signed under a Techno-Economic Approach for Africa-India Movement (TEAM-9) through which assistance is being offered to eight west African countries in projects including in urban transport, basic industries, power generation, infrastructure and ICT. The beneficiary countries are: Burkina Faso, Chad, Côte d'Ivoire, Equatorial Guinea, Ghana, Guinea Bissau, Mali and Senegal.

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

IV. Support by the UN System

62. The UN system can help in maintaining the momentum of international support for NEPAD by ensuring that Africa's development issues remain high on the international agenda and it can provide practical support for the implementation of the programmes and projects of NEPAD. The report of the Secretary-General entitled "*UN system support for the New Partnership for Africa's Development*" (E/AC.51/2006/6) has detailed the nature and scope of support offered by the UN system in the past year. In addition, it examined three policy issues concerning the UN's system contribution to the implementation of the NEPAD, namely: innovative approaches developed by individual entities for funding of programmes; advocacy and awareness-raising efforts on the implementation of the New Partnership; and challenges and constraints faced by the UN system in supporting it. It concluded by offering proposals to improve coordination among agencies of the UN system and to strengthen collaboration in support of the programmes of NEPAD.

63. There is much recognition that a well functioning system that aims to contribute to international support for Africa's development must address three inter-related issues. These are improving coordination of the UN system in support of NEPAD; and enhancing collaboration between the entities of the UN system and the AU Commission including NEPAD programmes.

Improving coordination of the UN system in support of NEPAD

64. The current mechanism for coordination in support of NEPAD is the regional consultation meetings of UN agencies working in Africa. The current arrangements for coordination among the UN system have many benefits. These include the fact that NEPAD serves as the organizing framework for the work of entities of the UN system in Africa, provides a common vision for concerted action and offers opportunities for greater collaboration. Where agencies have been actively involved in developing sectoral programmes of NEPAD and where there has been much collaboration among the relevant agencies, there has been marked progress in the particular sector. This is true of the water, agriculture, infrastructure and environment sector. Still, the functioning of the coordination mechanism organised around the regional consultations and thematic clusters needs to be improved, in particular through more frequent meetings that offer opportunities for sharing information and for development of joint programming.

Enhancing collaboration between the UN agencies and the African Union Commission

65. Both the AU Commission and the entities of the UN system well appreciate the need for enhanced cooperation. A mechanism for consultation between the UN system and the AU Commission should reflect the expanded and wide ranging nature of such cooperation. Though the entities of the UN system remain deeply committed to supporting both the AU Commission and the NEPAD secretariat, the lack of full integration of the latter into the AU Commission has created several problems. It has prevented the UN system from providing coherent support to the AU Commission and NEPAD programmes, led to the organization of separate activities and funding for AU Commission and the NEPAD secretariat, and resulted in developing separate arrangements for assisting both entities. For example, some individual agencies have simultaneously signed a MoU with the AU Commission and a Letter of Understanding, or analogous instrument, with the NEPAD secretariat. At the same time, a mechanism for consultation between the UN system and the AU Commission should also reflect that expanded and wide ranging nature of such cooperation.

V. Conclusions and Recommendations

66. This is still an early stage yet for the momentum of international support for Africa to become irreversible. Nonetheless, the past year has witnessed a shared determination by Africa and its development partners to advance Africa's development by making progress on agreed programmes and commitments. However, there are a number of areas where policy measures and practical actions have to be taken to strengthen the impetus for the implementation of NEPAD.

67. African governments need to take measures to address a range of institutional and partnership issues, including integrating NEPAD into AU structures and processes, providing greater support for the private sector and promoting more outreach to civil society.

68. Pledges and commitments made to Africa should be delivered timely and at a much faster pace. In particular, G8 countries' ODA to Africa needs to rise fast enough to deliver on their pledges. The encouraging progress on debt write-off should now be matched by corresponding effort to meet the desired annual level of ODA with a view to achieving the long term targets for Africa. Equally, as the ODA flows to Africa increases there will be a greater need to simplify the complex administrative and reporting procedures to minimize delays in release of resources for approved programmes.

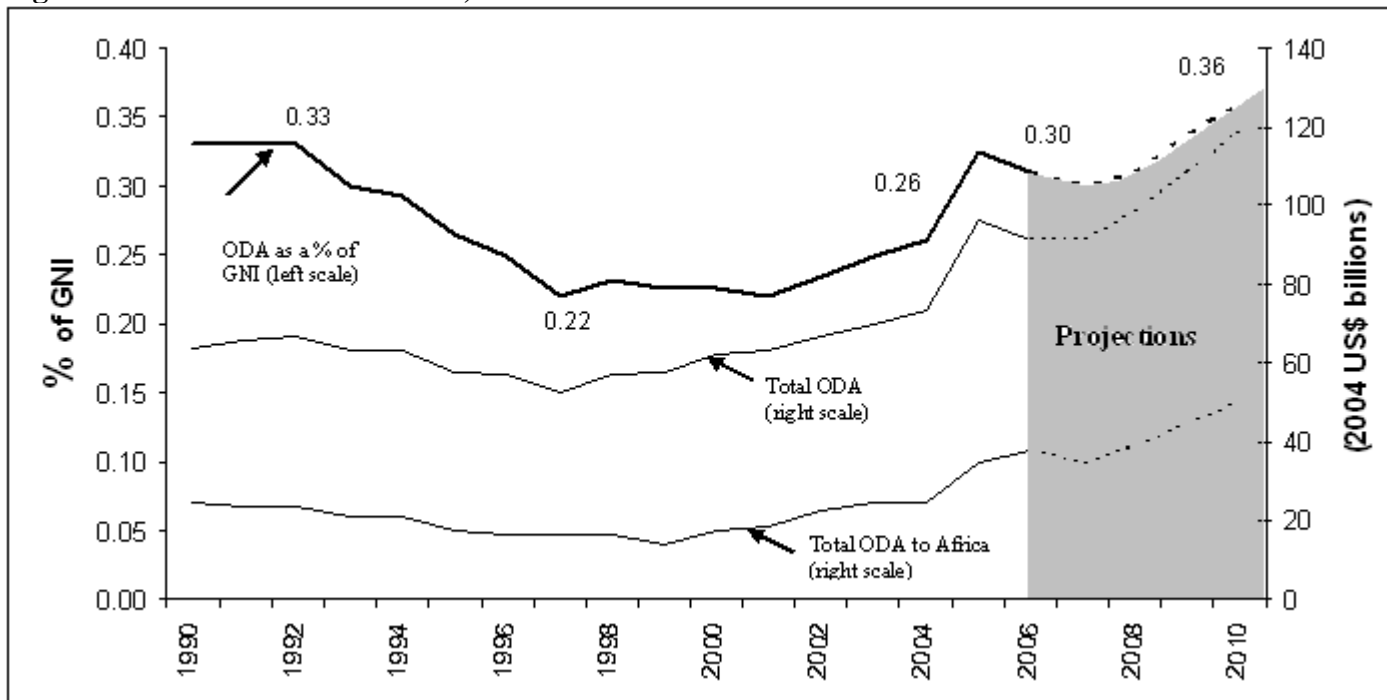
69. Diversification of Africa's economic and export structures has long been recognized as essential to the sustained growth and accelerated development of the region. The need for diversification has become all the more important given the growing evidence that faster overall economic growth driven by trade is associated with more dynamic export structures⁸. International support for Africa's diversification efforts must now be accorded very high priority. This will entail such measures as helping African countries to develop programmes to process their primary commodities; to build trade-related infrastructure and institutions; and to improve the quality of their exports. Aid for trade measures must complement and not substitute for efforts to improve market access for African exports and to strengthen Africa's participation in world trade.

70. The UN system can contribute to regional and international efforts on Africa's development by improving coordination of its work in support of NEPAD and by enhancing collaboration between the entities of the UN system and the AU Commission, including its NEPAD Programme. Given that NEPAD is a programme of the AU Commission, it will be useful for the UN system to develop an integrated and coherent framework for supporting AU and its NEPAD programme⁹.

¹ See the basic document of the NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT, 2001, page.1
² The figures on resources mobilized for the Consortium are from "A Year after Gleneagles", Statement by the Prime Minister of UK available at <http://www.number10.gov.uk>
³ See Keep the G8 Promise to Africa -THE DATA REPORT 2006 Executive Summary page 9 available at <http://www.thedatareport.org/>
⁴ See Oxfam Briefing Note, The view from the summit –Gleneagles G8 one year on, 9 June 2006 available at: http://www.oxfam.org.uk/what_we_do/issues/debt_aid/downloads/g8-gleneagles-one_year.PDF
⁵ See http://www.oecd.org/documentprint/0,2744,en_2649_201185_35317145_1_1_1_1,00.html, p.1.
⁶ See for example the assessment in THE DATA REPORT as well as Gleneagles Final Compliance Report July 8, 2005 to June 1 2006 by the G8 Research Group at the University of Toronto available at <http://www.g8.utoronto.ca>
⁷ At the time of this report, the ADF and the World Bank have not yet granted debt relief under the MDRI for Mauritania.
⁸ United Nations Department of Economic and Social Affairs(2006): World Economic and Social Survey 2006, Overview, Page ix
⁹ See also AU Summit Assembly/AU/Draft/Decision.14 VII of 2 July 2006.

Annex

Figure 1. DAC Members' ODA, 1990 - 2010



Source: Organization for Economic Cooperation and Development, Development Assistance Committee. 2006.

Table1. Beneficiaries of the Multilateral Debt Relief Initiative

15 Post-Completion Point Countries	Benin, Burkina Faso, Cameroon, Ethiopia, Ghana, Madagascar, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, Tanzania, Uganda, and Zambia
10 Post-Decision Point Countries	Burundi, Chad, Democratic Republic of Congo (DRC), The Gambia, Guinea, Guinea-Bissau, Malawi, Republic of Congo, Sao Tome & Principe, and Sierra Leone
7 Pre-Decision Point Countries	Central African Republic, Comoros, Cote d'Ivoire, Togo, Somalia, Liberia and Sudan
One Sunset Clause Country	Eritrea

Source: Information Paper on Multilateral Debt Relief Initiative: ADF Implementation Modalities. African Development Bank. 2006