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### **New Partnership for Africa's Development: progress in implementation and international support**

## **New Partnership for Africa's Development: second consolidated report on progress in implementation and international support**

### **Report of the Secretary-General**

#### *Summary*

The present report responds to General Assembly resolution 58/233 of 23 December 2003, in which the Assembly requested the Secretary-General to submit a comprehensive report on the implementation of the resolution at its fifty-ninth session. The report highlights the policy measures and actions taken by African countries and organizations in the implementation of the New Partnership for Africa's Development (NEPAD), the response of the international community and the support of the United Nations system during the past year. Much progress has been made by African countries in developing sectoral policy frameworks, in the implementation of specific programmes and projects and in the earmarking of financial allocations to selected NEPAD sectoral priorities. At the same time, a series of international actions that will potentially benefit the implementation of NEPAD were taken or proposed by the international community, while the United Nations system continues to provide support on a broad range of issues. As the implementation of NEPAD moves forward, a strengthened partnership is needed, one in which African countries deepen their commitment to the priorities of NEPAD while its development partners take a combination of well-targeted measures to bolster the implementation of NEPAD.

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## **I. Introduction**

1. In its resolution 58/233, entitled “New Partnership for Africa’s Development: progress in implementation and international support”, the General Assembly requested the Secretary-General to submit to it a comprehensive report on the implementation of the resolution at its fifty-ninth session. This report responds to that request.

2. The report highlights the policy measures and actions taken by African countries and organizations in the implementation of the New Partnership for Africa’s Development (NEPAD), the response of the international community and the support of the United Nations system during the past year. The activities undertaken by both the private sector and civil society in support of NEPAD are discussed in various parts of the report. The report benefited from information and data provided by Member States, regional organizations, the NEPAD secretariat and various entities of the United Nations system.

## **II. Actions by African countries and organizations**

3. A distinguishing feature of NEPAD is that it combines the articulation of policy frameworks on specific issues with the implementation of programmes and projects in the sectoral priority areas. The past year has been marked by progress in developing sectoral policy frameworks, implementing specific programmes and projects and establishing targets for expenditure on selected NEPAD sectoral priorities. Although the trend of setting targets of expenditure for specific sectors cannot be attributed solely to the adoption of NEPAD, which it pre-dated, it has derived fresh impetus from, and has expanded to include, several NEPAD priority areas (see annex, table 1). Establishing targets is also significant in another respect: it demonstrates that African countries are determined to gradually achieve policy coherence in the implementation of NEPAD by aligning budgetary expenditure patterns with NEPAD priorities.

### **Infrastructure**

4. The NEPAD Heads of State and Government Implementation Committee has approved a list of 20 top priority short-term action plan projects in infrastructure development. These projects, which are mainly subregional in scope, derive from the regional economic communities and will be implemented by them. The plan covers facilitation studies, investment projects (in the areas of energy, transport, water and sanitation, and information and communication technologies) and capacity-building projects. Developing projects linked to capacity-building reflects the recognition that lack of technical capacity is one of the major impediments to building and maintaining infrastructure in the region. The total cost of the projects identified in the plan has been estimated at \$8.12 billion; half the cost of the investment projects is to be financed by the private sector.<sup>1</sup> This estimate does not include the cost of activities under the medium- and long-term framework for infrastructure development.

5. The transport sector, in particular road and railway projects, has also benefited from financial support from the African Development Bank (ADB), which has

approved funding for a number of road and railway projects in West Africa. Funding for those projects is part of the broader financial, institutional and programme development support provided by ADB for infrastructure development and other aspects of NEPAD. In 2002 and 2003, ADB financed eight projects and four studies in the top priority short-term action plan, totalling \$372.5 million. At present, nine investment projects, three capacity-building projects and five studies are under preparation for ADB Group financing, at an estimated cost of \$580 million.

6. The energy sector has benefited considerably from project funding from regional and subregional financial institutions such as ADB and the Development Bank of Southern Africa (DBSA), as well as the Industrial Development Corporation of South Africa. ADB has approved financing for such energy projects as the power interconnection involving Benin, Nigeria and Togo; the power interconnection linking Algeria, Morocco and Spain; the Nile Lake countries electricity networks interconnection study; and the interconnection study of the Economic Community of Central African States (ECCAS) electrical network. DBSA has either approved or is considering funding for several power-related projects in various southern African countries, including a power interconnector line linking Kenya, the United Republic of Tanzania and Zambia. Two major energy projects in Southern Africa — the Southern Africa power pool project and the Southern Africa gas project — have received external financial support, mainly from the World Bank.

7. There has also been progress in the water and sanitation sector. A number of initiatives were launched at the Pan-African Implementation and Partnership Conference on Water, convened in Addis Ababa in December 2003 under the auspices of the African Ministerial Conference on Water (AMCOW). These include most notably the ADB rural water supply and sanitation initiative, the African water facility initiative, to be hosted by ADB but to come under the policy direction of AMCOW, and the European water initiative for Africa, which has two components: water and sanitation and integrated water resource management. Under the latter, four pilot river-basin projects, one from each subregion, have been selected for development. They are the Niger and Volta basins for West Africa; the Chad basin for Central Africa; the Victoria basin for East Africa; and the Orange/Senqu basin for Southern Africa. The needs of North Africa have been met in the context of the Mediterranean European water initiative.

8. An important component of the NEPAD information and communication technology (ICT) programme is the NEPAD e-schools project, whose aim is to develop a sustainable knowledge-based society in Africa by bringing ICT skills to a large number of primary and secondary schools in Africa. The plan is to convert nearly 600,000 African schools into NEPAD e-schools. An e-schools demonstration programme is being developed and will soon be launched, initially in six schools in 15 countries — Algeria, Burkina Faso, Cameroon, the Congo, Ethiopia, Gabon, Ghana, Kenya, Mali, Mozambique, Nigeria, Rwanda, Senegal, South Africa and Uganda. The six schools to be included in the pilot exercise will cover a wide spectrum, ranging from rural to semi-urban and urban areas.

## Health

9. An updated NEPAD health strategy was adopted by the African Union (AU) in Maputo in July 2003. The health sector strategy is a medium-term programme that follows a comprehensive, integrated approach to addressing the disease burden of Africa. At the same time, there is a realization that an appropriate set of initial programmes to help set the foundation for the medium term is important. Thus, the initial programme of action of the NEPAD health strategy has six main components: strengthening commitment, enabling stewardship and harnessing a multisectoral effort; launching sustainable health systems and building evidence-based practice; scaling up disease control; reducing health risks associated with pregnancy and childbirth; empowering people to improve their health; and mobilizing sufficient sustainable resources for the health sector.

10. The health strategy recognizes the broader socio-economic and political factors that are at the root of many of the health problems on the continent and emphasizes the contributions of other NEPAD programmes in addressing them. These include addressing issues relating to governance, infrastructure development, gender equality, environmental sustainability, agricultural production and educational development. The strategy recognizes that simply focusing on disease programmes without building the vehicle necessary for their delivery — the health system — will not succeed.

## Education

11. Education faces many challenges. In an effort to address them, NEPAD has identified eight priority areas: meeting the Millennium Development Goals on basic education; improving the quality of education; achieving gender equality in education; developing effective feeding and nutrition programmes in schools; promoting open learning and distance education for teacher development as well as capacity-building in the public sector; improvement of mathematics and science education; assisting in the reconstruction of the educational system in post-conflict environments; and supporting member States in developing a comprehensive educational response to prevent HIV/AIDS.

12. Progress in these areas is at various stages of implementation. To facilitate the achievement of universal basic education, preparations are under way for a conference on the NEPAD basic education programme for the subregion of the South African Development Community (SADC). The conference will develop a strategic framework for priority education programmes and projects, an exercise that will ultimately be replicated in other African subregions. Consultations are being held in preparation for a regional conference on the status of gender equality in primary and secondary schools in 2005, which will take stock of the progress made and constraints encountered in Africa in pursuing Millennium Development Goal 3, which has a target date of 2005. A status report on teacher education for open learning and distance education in Africa has been prepared. A meeting on this question was held in April 2004, with the principals of the implementing institutions (University of South Africa, African Virtual University, Commonwealth Learning Centre and National Open University of Nigeria) regarding a programme of action. A proposal has been developed and funding has been secured for support to education in post-conflict environments for selected affected countries.

## **Environment and tourism**

13. The past year saw a broad range of follow-up actions to the NEPAD environment action plan adopted by the African Union in Maputo in July 2003. A partners conference on the NEPAD environment action plan was held in Algiers on 15 and 16 December 2003 to raise awareness of and mobilize resources for the action plan. Out of more than 250 projects in the action plan, more than 80 were selected for presentation at the partners conference.

14. The Global Environment Facility (GEF) has committed funding for several projects in the environment action plan, including the United Nations Environment Programme (UNEP)/GEF medium-sized project on the development of the subregional NEPAD environment action plan. Conserving Africa's wetlands, the prevention, control and management of alien invasive species and the conservation and sustainable use of marine, coastal environment and freshwater resources are among the eight priority areas of the NEPAD environment action plan, whose projects also receive considerable financial support from the various partners through support of the NEPAD secretariat. As part of the initiative on the wetland areas, an inventory of the wetlands in the SADC subregion is being developed with the support of the International Union for the Conservation of Nature and Natural Resources. The initiative also aims to engage civil society organizations in better management of wetlands at the grass-roots level.

15. A regional strategy for disaster risk reduction was developed by the African Union Commission and the NEPAD secretariat in collaboration with the United Nations International Strategy for Disaster Reduction. It was submitted to the African Ministerial Conference on the Environment for adoption at its tenth session and endorsed by AU in Addis Ababa in July 2004. The strategy is aimed at contributing to sustainable development and poverty eradication by facilitating the integration of disaster-risk reduction into national and subregional development frameworks. Financial support for developing the strategy guidelines and the training programme for disaster-risk reduction was provided by a number of multilateral institutions.

16. A NEPAD tourism action plan was adopted by the African tourism ministers at the forty-first meeting of the World Tourism Organization Commission for Africa. The action plan was endorsed by AU in July 2004. It underlines the importance of tourism as a sector that can contribute to the continent's economic regeneration, particularly through the diversification of African economies and generation of foreign exchange earnings. The plan focuses on eight priority areas: creating an enabling regulatory environment; strengthening institutional capacity; promoting tourism marketing; promoting research and development; promoting investment in tourism infrastructure and products; reinforcing human resources and quality assurance; establishing and adopting a code of conduct and ethics for tourism; and mobilizing financial resources.

## **Agriculture**

17. Efforts at implementing the Comprehensive Africa Agriculture Development Programme (CAADP), the centrepiece of the NEPAD agenda, have gathered momentum on several policy and institutional fronts. African Governments have not

only begun the process of aligning their food and agricultural programmes with CAADP, but a few have also indicated that they have achieved or are working towards the goal of allocating at least 10 per cent of national budgetary resources to agriculture within five years, as agreed in the Maputo Declaration on agriculture and food security in Africa, adopted in July 2003. With the support of a number of multilateral institutions, the NEPAD secretariat is developing a tracking mechanism to assist countries in tracking and evaluating their expenditures and budgetary provisions in the agricultural sector.

18. To deepen the process of national ownership of CAADP, African ministers of agriculture have endorsed the establishment of CAADP focal points at the national level to provide additional impetus for its implementation. It is also envisaged that senior policy makers, at the level of Permanent Secretary for Agriculture, will form advisory councils at the subregional level to facilitate implementation of CAADP projects in collaboration with the regional economic communities. Forty-nine African countries have received financial support to formulate national medium-term investment programmes. The NEPAD secretariat will participate in some national processes leading to the formulation of the investment programmes and the preparation of investment project profiles. The NEPAD secretariat has also facilitated a comprehensive continent-wide review of food reserve systems, with the objective of assessing the variety of food reserve systems available and the experience gained in managing them.

19. Strengthening agricultural research and development is one of the major priorities of CAADP. Through NEPAD support, the International Livestock Research Institute was granted C\$30 million by the Canadian International Development Agency. A portion of these funds will be used for the establishment and support of agricultural centres and networks of excellence on the continent. The NEPAD secretariat is currently engaged in consultations with regional stakeholders on a multi-country agricultural productivity programme aimed at achieving sustained rural poverty reduction by strengthening African agricultural technology systems. Since much can be learned from agricultural successes and failures that may assist in the implementation of CAADP, an international policy conference on successes in African agriculture was held in Pretoria in December 2003. The Pretoria statement issued by the conference identified processes, technologies and institutions considered to be prerequisites for replicating and expanding agriculture successes.

## **Science and technology**

20. Science and technology is a NEPAD area of priority. Science and technology plays a critical role in economic growth and development, and there is growing recognition that the prospects of achieving the Millennium Development Goals will depend heavily on the ability of nations to harness science and technology in order to address a range of social and economic problems. There is no single model for science and technology development, but the approaches that have proven successful have included three main ingredients: a critical mass of scientific and technological skills and capabilities; adequate resources to finance investment in basic and applied science; and institutions that promote and foster the diffusion and adaptation of scientific and technological knowledge, as well as innovation.

21. The importance of these three elements was underlined in the outcome documents of the First NEPAD Ministerial Conference on Science and Technology, which was convened in Johannesburg, South Africa on 6 and 7 November 2003, in collaboration with the Government of South Africa Department of Science and Technology. In addition to adopting a declaration, the Conference agreed on the outline of a plan of action to promote the development and application of science and technology and to guide the development of a coherent business plan. The outline identified flagship programmes to be implemented as part of the business plan; articulated a policy framework for creating centres of excellence for the development of science and technology policy; spelled out the governance structure for science and technology programmes in Africa; and recommended measures and mechanisms to mobilize resources through public and private sector investment in research and development and through research institutions. The business plan is still being developed.

### **Industrialization**

22. The African Productive Capacity Initiative is evolving into the policy framework for Africa's industrialization effort. Adopted by the Conference of African Ministers of Industry in November 2003, the Initiative is a comprehensive programme for developing value chains based on the existing strengths and competencies of organized groups of stakeholders active in promoting productive capacity at the country and sectoral levels. It recognizes that value chains have a geographical dimension, which may be national, regional or global. Accordingly, under the Initiative, each of the subregions has selected particular sectors to which they will assign priority. The subregions have chosen from among eight sectors: food processing; textiles and garments; mineral products, including metals; wood and wood products; automobile equipment and assembly; pharmaceuticals; and building materials. Nearly all subregions have selected the food processing and textile sectors.

23. The Initiative is a collaborative effort that envisions public-private partnerships at every level. Thus, the private sector, along with the public sector, will contribute to providing resources to the African Productive Capacity Facility, the funding mechanism envisioned for the Initiative. The Facility will be endowed with an initial sum of about €5 million from the defunct Industrial Development Decade for Africa Fund. The Initiative was endorsed as the NEPAD component on sustainable industrial development and received the support of AU in July 2004.

24. An important complementary action taken in the past year was the launching of an African investment initiative at the Organization for Economic Cooperation and Development (OECD) Global Forum, held in October 2003. The aim of the initiative is to create a positive environment for investment across the continent through a number of concrete actions to be implemented over the coming years under the OECD-NEPAD partnership. The key areas identified for action are investment policy capacity-building, reviewing progress in enhanced investment policy transparency and openness in African subregions, promoting the contribution of multinational enterprises to sustainable development and the role of African Governments, investment policy reviews, and official development assistance-foreign direct investment (ODA-FDI) synergies. Needs assessments will be

conducted for selected African partner countries to determine how they could benefit from ODA-supported strategies for enhancing the investment climate.

### **African Peer Review Mechanism**

25. Much progress has been made in moving the African Peer Review Mechanism process forward. The work programme and the rules of procedure for the African peer review panel of eminent personalities were adopted in February 2004 in Kigali, Rwanda. A separate secretariat has been established for the Mechanism. A trust fund is also to be established for the Mechanism which will finance the activities of the panel, the secretariat and the country-review teams. Individual member States will fund their own in-country reviews. Several African countries have pledged contributions to the trust fund, and each participating member State is expected to make a minimum contribution to the financing of the Mechanism. Taken together, both actions mark an important and welcome step in buttressing the principle of Mechanism ownership with financial commitments.

26. The number of countries that have signed on to the Mechanism has risen to 23. They are Algeria, Angola, Benin, Burkina Faso, Cameroon, the Congo, Egypt, Ethiopia, Gabon, Ghana, Kenya, Lesotho, Mali, Malawi, Mauritius, Mozambique, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Uganda and the United Republic of Tanzania. The increase in the number of countries joining the Mechanism indicates the growing appeal of its voluntary approach and African ownership and leadership of the process. A schedule for the peer review of the participating countries has been agreed upon.

27. Mechanism support missions were sent to Ghana in May 2004, to Rwanda and Mauritius in June 2004 and to Kenya in July 2004. The support missions are a pre-country-review phase, in which members of the review panel, assisted by the Mechanism secretariat and NEPAD strategic partner institutions (AU, the Economic Commission for Africa, ADB, and the United Nations Development Programme), assess the preparedness and capacity of the country to participate in the African peer review process, particularly to undertake self-assessment and prepare a national programme of action. The missions also ascertain the robustness of Mechanism instruments, including the degree of participation of major stakeholders in the national process. After the support missions are completed, each participating country is expected to undertake a self-assessment with a view to preparing the preliminary national programme of action. The country self-assessment is the first of the five stages of the peer review process. It is followed by a country review visit by the panel, which then prepares a country review report. The overall aim of the country review, and more generally of the peer review itself, is to help countries identify institutional, policy and capacity weaknesses, suggest remedial measures to such shortcomings and seek support for that effort.

### **Other policy and institutional issues**

#### **Mainstreaming a gender perspective in the implementation of NEPAD**

28. Gender mainstreaming refers to incorporating the gender dimension across all sectors of development. Much effort has been made to integrate the gender dimension into the planning and implementation of various aspects of NEPAD. A

gender perspective has been incorporated into thematic priority sectors and women have been actively involved in regional NEPAD governance structures and have participated in national decision-making bodies for the implementation of NEPAD programmes. The review panel of eminent personalities, an important NEPAD governance structure, is composed of seven persons — three women, one of whom is the peer review chairperson, and four men. Several women holding high-ranking positions represent their Governments on the NEPAD Steering Committee and participate in the meetings of the NEPAD Heads of State and Government Implementation Committee. Women also hold senior level positions in the NEPAD secretariat. Two recent developments have significantly complemented the active and high-level participation of women in the NEPAD governance structure. One is the 50-50 gender balance in the composition of African Union commissioners. The other is the declaration on gender equality in Africa, adopted by the African Union in July 2004. The declaration commits African Governments to implementing gender equality and gender mainstreaming.

29. At the national level, women hold senior managerial positions in most NEPAD national focal points, enabling them to contribute to the coordination and implementation of NEPAD policies and programmes. Equally important, women occupy decision-making positions as ministers, deputy ministers, advisers, permanent secretaries or directors-general in ministries or departments of finance, planning, agriculture, transport, education and health — key areas in the implementation of NEPAD.

#### **The role of the regional economic communities in implementing NEPAD**

30. The active involvement of the regional economic communities is generally acknowledged as being essential to the successful implementation of NEPAD. In an effort to strengthen that involvement, the Chairman of the Implementation Committee convened a meeting of all chief executives of regional economic communities at Abuja in October 2003 to examine the role of the regional economic communities in the implementation of projects. A follow-up meeting is planned to allow the communities to share information and experiences on their current implementation practices and approaches. The regional economic communities have, with the assistance of ADB, been instrumental in proposing projects for the short-term action plan for infrastructure development.

#### **Integrating NEPAD into the AU Commission**

31. NEPAD is a programme of the African Union. It was also adopted as a programme of the Organization of African Unity at Lusaka in 2001. The integration of NEPAD into AU is therefore less a question of policy and functional integration, which has been settled, and more a matter of institutional arrangements for managing the NEPAD process within the existing structures of the AU Commission. The NEPAD secretariat is now an integral part of AU, and it will be gradually integrated into the structures of the AU Commission.

#### **Challenges and constraints**

32. By earmarking financial allocations to selected NEPAD priorities, African countries have not only underlined the importance of those sectors, but they have

also given practical expression to the principle of ownership through adequate financial commitment. Yet, many countries face severe fiscal constraints in the short to medium term, suggesting that external support will be needed to achieve the established targets of expenditure on NEPAD priorities. There are other constraints impeding progress in specific sectors. In the infrastructure sector, for example, implementation is encountering the problem of long project-approval cycles in partner institutions, limited grant resources for project preparation and severe technical capacity constraints at the national level and in the regional economic communities. In agriculture, despite progress in the implementation of CAADP, several problems persist. Many countries will not meet the target of allocating 10 per cent of budgetary resources to agriculture in the next five years, not least because of the constraint of the medium-term expenditure framework. Agricultural extension services, which are crucial for disseminating new knowledge and practices, continue to suffer from lack of funding and a critical mass of technical expertise. Compounding all these problems is the decline in the share of aid devoted to agriculture worldwide and in Africa. The health sector is afflicted by a two-fold human resources crisis: on the one hand, some of the highly trained professionals are migrating to the developed countries, and, on the other hand, health professionals who are in the front line of care and treatment of HIV/AIDS are themselves falling victim to the pandemic, further impeding adequate delivery of vitally needed medical care. In varying degrees, and in some countries, the education sector is experiencing a severe loss of professionals for more or less the same reasons as is the health sector. Moreover, the African Union Commission and subregional organizations are required to play an important role in NEPAD implementation. They are constrained in terms of financial resources, and they need assistance to build their capacity.

### **III. Response of the international community**

#### **Strengthening partnership for NEPAD**

33. The past year witnessed a series of international actions that will potentially benefit the implementation of NEPAD. The African Partnership Forum was established to deepen the policy dialogue on support for Africa's development. The Forum brings together representatives of OECD countries that give \$100 million or more in aid to Africa, multilateral institutions and representatives of the 20 countries that serve on the NEPAD Heads of State and Government Implementation Committee, the AU Commission and the representatives of the African regional economic communities recognized by AU. The inaugural and second meetings of the Forum were convened respectively by the Presidents of France and Mozambique in Paris in November 2003, and in Maputo in April 2004.

34. The Prime Minister of the United Kingdom of Great Britain and Northern Ireland established the Commission for Africa in February 2004. It will make a comprehensive assessment of the situation in and policies towards Africa and deliver its report in 2005. The Commission seeks to generate increased support for the Group of Eight (G-8) Africa action plan and NEPAD. The Millennium Challenge Corporation, established by the United States Government, invited 16 eligible countries, eight of which are African, to submit proposals for aid from the Millennium Challenge Account. Countries were selected on the basis of their

performance in three broad categories of indicators: encouraging economic freedom, investing in people and ruling justly. The eight African countries invited to submit proposals in the current fiscal year include Benin, Cape Verde, Ghana, Lesotho, Madagascar, Mali, Mozambique and Senegal.

## **Debt relief**

35. One of the outcomes of the G-8 summit held at Sea Island, Georgia, United States, in June 2004, which will potentially benefit African countries, was the decision by G-8 Leaders to extend the Heavily Indebted Poor Countries (HIPC) Initiative until 31 December 2006, to provide the necessary financing for completion of the Initiative, including “topping up” where appropriate, and to consider measures that can further help the poorest countries address the sustainability of their debt relief.<sup>2</sup> This might result in increased funding for the HIPC Initiative, which could contribute to greater relief for some current beneficiaries and extend coverage to countries that have yet to reach the decision point. African countries that belong to the latter category include Burundi, the Central African Republic, Comoros and Côte d’Ivoire (which reached the decision point under the original HIPC Initiative but has not done so under the enhanced HIPC Initiative), the Congo, Liberia, Somalia, the Sudan and Togo. Under the existing arrangements, 23 of the 27 countries that have qualified for debt relief under the HIPC Initiative are in Africa. These include 11 African countries that have reached completion point: Benin, Burkina Faso, Ethiopia, Ghana, Mali, Mauritania, Mozambique, the Niger, Senegal, the United Republic of Tanzania and Uganda; and 12 countries that have reached the decision point: Cameroon, Chad, the Democratic Republic of the Congo, the Gambia, Guinea, Guinea-Bissau, Madagascar, Malawi, Rwanda, Sao Tome and Principe, Sierra Leone and Zambia.

36. For many African HIPC countries, reaching the completion point has not brought the much hoped-for debt sustainability. This has been mainly because the amount of relief a country needs to reach a sustainable debt level was based on assumptions about growth and export levels that proved overly optimistic. Moreover, unexpectedly high import costs, for example of petroleum, have not been incorporated into the debt sustainability analysis. There is now an increasing call for a new framework for debt sustainability that, besides making reasonable assumptions on export and growth projections, should factor in considerations such as limited access to emergency international credit on affordable terms and incorporate more explicitly the impact of debt-servicing on the financing requirements for meeting the Millennium Development Goals, in particular poverty reduction.

37. In addition, it is increasingly appreciated that countries coming out of the HIPC Initiative will have very limited capacity to resume external borrowing, even on highly concessional terms, and will thus require a larger share of grant financing from their development partners. This bears on the negotiations currently under way on the fourteenth replenishment of the International Development Association of the World Bank, as well as on aid provision more generally.

38. A new framework for debt sustainability assessments in low-income countries, under consideration at the World Bank and the International Monetary Fund (IMF), might address some of the present shortcomings, but it will not be linked to, and is

not intended to have any influence on, the implementation of the HIPC Initiative, since its focus will be on future borrowings. Thus far, African countries not covered by the Initiative have not benefited from the new policy framework, also known as the Evian approach, adopted by the Paris Club of creditors in October 2003. The new framework aims for both greater flexibility in dealing with the external debt crisis of developing countries and greater willingness to reduce the debt of countries that are at risk of, or display signs of, insolvency.

39. Meanwhile, several developed countries have granted various forms of debt relief, including debt cancellation. Between 1998 and 2003, the Russian Federation wrote off debt of African countries amounting to \$11.3 billion and, in the course of 2003, signed intergovernmental agreements on debt settlement with five countries. France granted debt cancellation to 19 countries as part of its debt relief and development contracts. The French debt cancellation efforts for African countries in 2003 amounted to €1.717 billion, of which €91.4 million were for North African countries and €1.625 billion for sub-Saharan countries. The United Kingdom granted full debt cancellation to the 10 African countries that had reached the HIPC completion point as of April 2004, and it intends to reduce the debt of another six when they have reached the completion point. Portugal contributed to debt relief for Mozambique and Sao Tome and Principe, and agreed on a debt-relief protocol with Angola in 2003. Since the launch of NEPAD in 2001, Italy has granted debt cancellation to 20 African countries and has signed bilateral debt rescheduling with six African countries. The Kuwait Fund has also made a contribution by alleviating the foreign debt burden of 12 African countries within the framework for the HIPC Initiative. The debt owed to the Fund by those countries was reduced by rescheduling it over a 40-year period, with a 16-year grace period. Finland has written off the main part (more than €160 million) of the bilateral/multilateral development credits granted earlier. The Finnish Parliament decided to waive repayment on development loans to three African countries. In 2003, Finland wrote off bilateral development aid credits totalling €34.8 million. In 1998, Ireland announced a €40 million debt-relief package in the form of contributions to the World Bank and IMF multilateral debt funds and to national debt-relief funds in the United Republic of Tanzania and Mozambique. In 2001, it paid an additional €5.715 million to the World Bank for debt relief for Ethiopia. In 2004, under the Canadian Debt Initiative (CDI), the Government added Rwanda and the Democratic Republic of the Congo to the list of countries benefiting from Canada's debt moratorium, increasing the total number of countries benefiting under CDI to 13. Six countries, four of which are African — Benin, Ethiopia, Senegal and the United Republic of Tanzania — have received, or are in the process of receiving, full debt cancellation amounting to about \$100 million.

### **Official development assistance**

40. Official development assistance to Africa in 2002 reached \$22.23 billion.<sup>3</sup> Preliminary data show that OECD/Development Assistance Committee countries increased their ODA by 3.9 per cent in real terms between 2002 and 2003.<sup>4</sup> Using that growth rate to estimate ODA into Africa would yield an ODA flow of approximately \$23.09 billion for 2003.<sup>5</sup> Both before and since the International Conference on Financing for Development, held in Monterrey, Mexico, in 2002, several studies have shown that Africa will need about half of the estimated \$50

billion of additional ODA, over the 2001 ODA level, required to achieve the Millennium Development Goals by 2015. Even so, these studies have not explicitly incorporated the financing requirements for building economic infrastructures in the region, which suggests that more ODA resources will be needed. The pledges of additional ODA made by Africa's developed country partners to support NEPAD implementation is a definite step in the right direction. Yet, the need to scale up further the effort to increase ODA to Africa is evident both from the huge financing requirements indicated in various studies and from the fact that ODA flows to the least developed countries, of which 34 of the 50 are in Africa, still fall below the level of 0.15-0.20 per cent of gross national income to ODA agreed in the Brussels Programme of Action for the Least Developed Countries.

41. There remains an urgent and continuing need to improve the quality and effectiveness of aid to countries in the region. This is particularly important given the continuing evidence that African countries remain burdened by complex reporting, administrative and financial procedures required by donors.<sup>6</sup> Fortunately, there is a growing number of efforts to deal with the issue of harmonization and simplification, as well as improving aid effectiveness overall, as exemplified by the Rome Declaration on Harmonization, the adoption of the action plan on managing development for results, in Marrakesh on 5 February 2004, and the ongoing work of the ECA/OECD secretariat on joint review of development effectiveness.

42. As awareness has grown that the institutional and technical capacity weaknesses in African countries are constraints to promoting growth and poverty reduction, there have been increasing efforts by OECD and non-OECD countries to channel assistance to capacity-building. For example, France has provided trade-related capacity-building assistance directly to several African countries and through its contribution to the Integrated Framework and the Joint Integrated Technical Assistance Programme to Selected Least Developed and Other African Countries (JITAP). Sweden has contributed SKr 12 million to the Economic Community of West African States (ECOWAS) for capacity-building in West Africa for regional and international trade negotiations and approximately SKr 1.67 million for the establishment of the NEPAD secretariat. A new joint Nordic contribution is also now under consideration for the NEPAD secretariat. France has decided to contribute to the trust fund established for the African Peer Review Mechanism. Moreover, an agreement has been signed between the French Development Agency and DBSA for the establishment of a €2.8 million fund for the evaluation and preparation of NEPAD projects. Ireland has made a financial contribution of €300,000 to help strengthen the institutional capacity of the NEPAD secretariat. The Republic of Korea has offered places in various fields for trainees from Africa. Israel's official international development cooperation centre, MASHAV, has provided training for African experts through a range of economic and public-sector management courses.

## **Trade**

43. The failure of the World Trade Organization (WTO) Ministerial Meeting in Cancún, Mexico, in September 2003, was a signal event in stalling progress in international trade policy and negotiations on several areas of interest to Africa. Hope has, however, been rekindled with the recent framework agreement on negotiations for the Doha Development Round. Some important elements of the

agreement include commitments by the developed countries to eliminate agricultural export subsidies (at a date still to be determined) reduce trade-distorting domestic farm supports and launch negotiations to cut cotton subsidies and other barriers to cotton trade, to be undertaken separately within the overall agriculture talks.

44. Overall, however, African countries stand to benefit most from liberalization, covering much needed trade reforms within the agricultural sector, in particular the elimination of trade-distorting agricultural subsidies and the reduction of tariff peaks and tariff escalation for semi-processed and processed manufactured and agricultural products.<sup>7</sup> Yet, the impact of liberalization on individual African countries will vary considerably, reflecting the different costs and benefits they experience from current trade regimes. The notable absence of international initiatives on commodities on which African countries, in particular the least developed countries, depend for a substantial share of their export earnings remains a matter of concern. The need for an increased focus on commodities, including the issue of instability in world commodity prices, is being increasingly recognized.

45. There have been tangible results from actions of several of Africa's development partners. These include the signing of bilateral agreements between China and 40 African countries, providing a reciprocal most-favoured-nation status, as well as China's decision to award duty-free status to some goods exported by the least developed African countries; Canada's decision to extend the Least Developed Country Tariff for an additional 10 years by providing duty-free access to the Canadian market, with the exception of dairy products, poultry and eggs; and the signing into law of an extension of the African Growth and Opportunity Act, known as the AGOA Acceleration Act, through 2015.

### **Foreign direct investment**

46. Flows of foreign direct investment to Africa continue to rise, although the absolute value and share of global FDI flows remain small. FDI flows to Africa increased from \$11 billion in 2002 to \$14 billion in 2003, accounting for a mere 2 per cent of global FDI flows. FDI flows into Africa are highly concentrated in a few countries and a few extractive industries, mainly oil, gold and aluminium. Developed countries can encourage FDI to Africa through a mix of policy measures, including providing insurance for political and commercial risks, promoting public-private partnerships, promoting agreements to avoid double taxation, enhancing capacity-building efforts for project preparation, facilitating infrastructure development and supporting the creation, or strengthening the regulation, of securities markets. In many of these areas, a number of industrialized countries have provided support. For example, Canada and Denmark have contributed C\$ 10 million and Dkr 5 million respectively to the NEPAD Infrastructure Project Preparation Facility established at ADB. The United Kingdom has provided support of \$100 million for the work of the Emerging Africa Infrastructure Fund. As of March 2004, China had signed bilateral agreements with 24 African countries to encourage and guarantee investments, and had signed double taxation avoidance agreements with eight others. Over the past five years, Japan has committed more than \$2.5 billion of ODA to Africa in the areas of transport, communications, energy and water. Of that amount, approximately \$1.06 billion was earmarked for infrastructure in 2003.

47. France has provided financial support to ECOWAS in connection with the establishment of a regional regulating mechanism within the framework of the West African electrical energy exchange system project and for the creation of a guarantee facility offering several risk cover instruments to support financial integration, improve the investment climate and build capacity in the countries of the West African Economic and Monetary Union. The Icelandic business development programme, which encourages the formation of partnerships and joint ventures with firms in developing countries, has had a special focus on Africa and is actively engaged in Uganda. Denmark has a comprehensive private-sector support programme with a trade and investment component that is active in some African countries. Portugal has adopted double taxation agreements with Angola, Cape Verde and Mozambique in order to promote bilateral trade and investment.

### **South-South cooperation**

48. There is increasing realization that South-South cooperation, as an important complement to international development cooperation, can play a role in the implementation of NEPAD. The General Assembly, in its two resolutions on international support for NEPAD, has affirmed the need to promote South-South cooperation. A recent significant development was the launch of the third round of negotiations on the Global System of Trade Preferences (GSTP) among developing countries to expand South-South trade, at the eleventh United Nations Conference on Trade and Development. The aim was to have more developing countries join the negotiations on GSTP, which currently involve 43 countries. Thirteen African countries are now members of GSTP. A commitment was made that the third round will work towards developing concrete preferential measures in favour of least-developed-country participants.

49. During the past year, several countries from the other developing regions have provided technical assistance to African countries. Pakistan runs a special technical assistance programme for Africa, under which it has offered training for African diplomats. Indonesia provided a technical cooperation programme in 2003 to 11 African countries (Egypt, Ethiopia, Ghana, Madagascar, Malawi, Namibia, Nigeria, South Africa, the United Republic of Tanzania, Zambia and Zimbabwe). As a follow-up to the third Tokyo International Conference on African Development, an Asia-Africa business forum and an Asia-Africa public and private joint forum were organized as part of the preparatory process for the international conference on Asia-Africa cooperation for trade and investment, scheduled to be held in late October 2004.

### **Challenges and constraints**

50. A fundamental policy challenge in international support for NEPAD is achieving coherence of policy actions. Policy coherence is not yet at the core of assistance to Africa. The need for policy coherence in international assistance to Africa is highlighted by the lack of complementarities in debt, aid and trade policies towards Africa. For example, for a period stretching back more than 20 years, ODA to Africa has been almost offset by debt service (see annex, table 2). Other examples of incoherence are evident in trade and ODA, as well as trade and debt relief. For nearly a quarter of a century, starting in 1970, the dramatic decline in Africa's

market share amounted to an estimated income loss of \$70 billion per year, almost five times the average annual amount of ODA to Africa.<sup>8</sup> Moreover, the sharp drop in prices of key export commodities explains the deterioration of net present value of debt-to-export ratios relative to ratios projected at the decision point for 2001. Of the 15 HIPCs, 13 are African.<sup>9</sup> Improved policy coherence promises to be a virtuous link in the cycle of increased and effective aid, reformed trade policies and debt relief by developed countries towards Africa. Encouraging developments in developing policy coherence include Sweden's national legislation on an integrated global development policy, which calls for its policies in the areas of trade, aid, agriculture, migration, security and other policies to be consistent with the goal of poverty reduction and sustainable development, as well as the publication of reports by Denmark, Sweden and the Netherlands on their progress towards fulfilling goal 8 of the Millennium Development Goals. A number of other developed countries are contemplating preparing reports on goal 8.

#### **IV. Support by the United Nations system**

51. The United Nations has a key role to play in mobilizing international support to NEPAD. In this regard, the Secretary-General has set up an advisory panel, consisting of 13 members, to assist him in monitoring international support to NEPAD. The Secretary-General's Advisory Panel on International Support for the New Partnership for Africa's Development will review and assess the scope and the adequacy of international support for NEPAD, conduct a dialogue with Africa's development partners, including the United Nations system, with a view to promoting support for NEPAD, and make recommendations to the Secretary-General on actions to be taken by the international community to enhance support for the implementation of NEPAD.

52. The United Nations system is one of the major pillars of international support for NEPAD. The nature and scope of the support has broadened in the past year. This section draws on and updates information provided in the recent, detailed report of the Secretary-General (E/AC.51/2004/6) prepared for the forty-fourth session of the Committee for Programme and Coordination. The support of the United Nations system encompasses a variety of activities, including technical assistance for institutional development, capacity-building, project development, resource mobilization and advocacy. The regional consultation meeting of United Nations agencies working in Africa has established thematic clusters for NEPAD priority areas. ECA provides leadership for the regional consultation meetings of United Nations agencies.

53. ECA also actively supports the implementation of the African Peer Review Mechanism. ECA helped develop some of the Mechanism codes and standards, provides country economic and governance data to the Mechanism secretariat and has participated in the support missions fielded by the Mechanism secretariat. ECA has collaborated closely with United Nations system agencies and other partners, in particular ADB and the regional economic communities, in supporting NEPAD infrastructure development. The United Nations Conference on Trade and Development (UNCTAD) has been collaborating with WTO and the International Trade Centre in extending the Joint International Technical Assistance Programme (JITAP) to 16 African countries, aimed primarily at building national capacity for trade negotiations and trade development. The Office of the High Representative for

the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States supports NEPAD implementation mainly through advocacy, infrastructure development and resource mobilization in 34 African least developed countries. The WTO supports NEPAD through its technical assistance activities. Its technical assistance strategy for Africa aims to support Africa's trade and economic reform as well as its process of integration into the multilateral trading system. The WTO secretariat annual technical assistance plans continue to accord priority to the delivery of technical assistance to the least developed countries, the majority of which are in Africa.

54. The Food and Agriculture Organization of the United Nations (FAO) has earmarked technical and financial assistance for the formulation of national medium-term programmes and bankable quick-impact investments in 49 African countries, to which it has committed about \$7 million. WFP has supported NEPAD in developing a strategy on emergency preparedness and emergency response within the framework of a memorandum of understanding between WFP and the NEPAD secretariat. The main objectives of this collaboration are to study indigenous food reserve systems in African countries, build capacity for national food planning and distribution, target food for children through school feeding programmes and build subregional capacity for food disaster mitigation and response. By the end of 2003, the International Fund for Agricultural Development had provided African countries with loans totalling approximately \$3.6 billion, to finance 317 projects in 51 countries. As of April 2004, of 199 projects supported by the Fund worldwide, 97 are being carried out in Africa, representing 47 per cent of the Fund's overall current financing.

55. The United Nations Human Settlements Programme (UN-HABITAT) supported the development of the NEPAD cities programme, designed to increase South-South cooperation in meeting urban-rural development challenges. The programme aims to achieve poverty reduction in urban centres. UNEP is strengthening subregional consultations as a vehicle for fostering cooperation and collaboration with AU and the NEPAD secretariat by strengthening advocacy and public information activities in support of NEPAD, supporting environmental policy development in African countries and mobilizing resources for the NEPAD environment action plan. The secretariat of the United Nations Convention to Combat Desertification is working closely with the NEPAD secretariat to foster joint programming at the subregional and local levels to combat desertification and to support more sustainable agricultural and economic development. The International Labour Organization is assisting AU to prepare for the summit on employment and poverty in Africa, to be held in September 2004. The summit is expected to lead a determined effort to achieve greater convergence of national policies, with a view to upgrading the quantity and quality of work and enterprise development in African countries.

56. In the United Nations Secretariat, the Department of Economic and Social Affairs supports African countries in capacity-building for public administration and governance and human resource development. It also supports integrated water resources management and energy, including the development of water master plans, rural water supply and renewal energy solutions, as well as the integrated follow-up to United Nations conferences. The Department of Peacekeeping Operations supports individual countries in attaining and maintaining peace as a means for sustainable development and meeting NEPAD objectives. Africa is a priority area

for the Department and has the largest share of its resource allocation. For its part, the Department of Political Affairs has been working closely with the AU Commission and subregional organizations in supporting regionally and subregionally led peace initiatives, such as the regional peace initiative on Burundi, the African Union-led inter-Congolese dialogue, the African effort to convene a conference on peace and development in the Great Lakes region and the peace processes led by the Intergovernmental Authority on Development (IGAD) in Somalia and the Sudan.

57. WHO supports African countries in their development of health strategies and interventions based on WHO methodologies and health regimens that have proven successful in the development of sound health plans and programmes at the national level. It also helps various countries to use their national health development plans and programmes as advocacy tools in their efforts to mobilize resources. WHO and the United Nations Population Fund (UNFPA) collaborated closely in initiating supportive actions for the establishment of a health and social affairs desk within the regional economic communities. UNFPA has been working closely with the African Union and other partners in developing the action plan on the African family. UNFPA has also supported the preparation of the document entitled "The African family in the new millennium: prospects and challenges" and has provided technical and financial support to the African Union Commission for preparation of a report on the state of Africa's population, which was recently submitted to the AU Executive Council. The Joint United Nations Programme on HIV/AIDS (UNAIDS) has been working closely with the African Union and other key partners in developing a policy and a strategy on HIV/AIDS that will elaborate the AU position, strategy and intended actions to reverse the epidemic on the continent. To that end, UNAIDS is supporting a technical consultation of key partners later in 2004. The International Organization for Migration is working with AU and the NEPAD secretariat to formulate a strategic framework for Africa. It is also helping subregional organizations, particularly ECOWAS, SADC and IGAD, build their human-resource capacity for dealing with migration issues such as refugee resettlement, assisting internally displaced persons and reversing the emigration of professionals from African countries.

58. Building on the commitment of African Governments to promote the role of women in society, the United Nations Development Fund for Women (UNIFEM) promotes efforts to create an enabling environment for the equal participation of women in political and economic governance by supporting capacity-building and leadership development for African women. UNIFEM also supports gender policy development and implementation through subregional organizations such as ECOWAS, IGAD and SADC. The Office of the United Nations High Commissioner for Human Rights (OHCHR) actively supports building regional, subregional and national capacity for promoting human rights by mainstreaming human rights concepts and integrating human rights considerations into policies at the highest level. It is working with Governments, civil society and non-governmental organizations to create greater local awareness and to monitor human rights. The Office of the United Nations High Commissioner for Refugees (UNHCR) provides technical and material assistance to a number of African countries to assist refugees and reintegrate returnees. UNHCR has developed a programme of activities designed to promote post-conflict recovery and effective responses to humanitarian crises. In Africa, the Office for the Coordination of Humanitarian Affairs (OCHA)

of the United Nations Secretariat focuses mainly on coordinating humanitarian operations and protecting civilians. The Regional Inter-Agency Coordination Support Office now serves as a major platform for dialogue between OCHA and SADC. OCHA has signed a memorandum of understanding with ECOWAS, with the goal of enhancing the latter's capacity in humanitarian crisis and conflict management.

59. The World Bank has assisted NEPAD in the formulation of CAADP and the NEPAD environmental action plan. It is also working closely with ADB and other partners in developing the NEPAD short-term action plan for infrastructure development and has approved funding for component projects of the plan and for the CAADP multi-country agricultural productivity programme. Overall, the Bank provides more than \$3 billion of annual financial support to African countries. IMF has established two Africa regional technical assistance centres in West and East Africa. Training programmes are being implemented with other regional and subregional partners on issues such as monetary policy, fiscal decentralization and gathering financial statistics. The United Nations Industrial Development Organization (UNIDO) has played a leading role in supporting the development of the NEPAD component of sustainable industrial development known as the Africa Productive Capacity Initiative and has developed several integrated programmes at the national, regional and sectoral levels to advance the implementation of productive capacity. UNIDO has also established an Initiative support group to promote the collective mobilization of resources.

60. UNDP has provided financial assistance to the NEPAD and African Peer Review Mechanism secretariats, funding for the start-up phase of the Mechanism and, as mandated by the African peer review forum, has established an implementation trust fund to support the work programme of the Mechanism. In addition, UNDP country offices are anchoring financial and technical support to the implementation of the Mechanism and to its national focal points. UNDP has also provided financial and technical support for the transition from OAU to the African Union, particularly with respect to the elaboration of the vision, mission and strategic plan of the AU Commission, and has supported the AU Peace and Security Directorate in setting up the Peace and Security Council. The United Nations Capital Development Fund is focused on helping the least developed countries in Africa formulate and implement local development projects and microfinance. The Fund is also piloting the MicroSave project, which seeks to promote high quality saving services for the poorest people in three East African countries.

61. The United Nations Educational, Scientific and Cultural Organization (UNESCO) has been working closely with AU, the NEPAD secretariat and subregional organizations, as well as at the national level through the UNESCO national committees, to integrate and support NEPAD priorities through technical support and human resources development. In particular, UNESCO assisted the NEPAD secretariat in refining and finalizing its initial plan of action in education. UNESCO supports an ongoing dialogue with African parliamentarians to promote national policy development around NEPAD themes and has hosted technical subregional forums to engender broader policy and programme support in Government and decision-making structures at the national level. The United Nations Children's Fund (UNICEF) supports the implementation of NEPAD priorities mainly through country programmes of cooperation implemented in all African countries. These programmes of cooperation place special emphasis on

health and education. UNICEF is one of the main partners in the immunization of children throughout the continent and in the education of girls in Africa. Following the launch of the AU/ECA/NEPAD/UNICEF publication *The Young Face of NEPAD* in 2003, UNICEF has been working actively with the three partners and individual countries to implement the complementary strategies presented in the document, focusing on key strategies for preparing a healthier, better educated and better prepared generation of Africans.

62. The World Intellectual Property Organization (WIPO) is currently supporting institution-building and awareness-raising with regard to the intellectual property system in Africa. WIPO has collaborated with national and regional institutions, such as the African Regional Industrial Property Organization and the African Intellectual Property Organization, to promote practical knowledge and technical expertise to enforce intellectual property rights, design intellectual property management systems and establish industrial property and copyright offices in many African countries. The International Maritime Organization assists African countries in developing maritime and port security procedures to ensure that African ports are free from security threats. It financed the technical cooperation programme for the African region in 2003 by bringing together South-South partners for human resources development and to protect marine life at the national and subregional levels.

63. The International Telecommunication Union (ITU) remains committed to providing full support to African member States in implementing projects within the NEPAD framework to enable them to bridge the digital divide. ITU is currently implementing a NEPAD preliminary assistance project that supports African countries in developing bankable projects for the telecommunications and ICT sectors, including telemedicine projects, e-commerce and e-government. ITU also works through subregional organizations, and is currently piloting an integrated ICT market programme for the ECOWAS region. The International Civil Aviation Organization (ICAO) continues to support African countries in restructuring, expanding and managing their civil aviation administration, through human resource and infrastructure development. ICAO is also collaborating with subregional organizations such as ECOWAS, the Common Market of Eastern and Southern Africa, the East African Community and SADC, to implement subregional initiatives such as the Cooperative Development of Operational Safety and Continuing Airworthiness Programmes. The International Atomic Energy Agency works through its technical cooperation programme to support member States efforts aimed at strengthening institutional capacity-building in nuclear sciences and technology and promoting the sustainable application of nuclear techniques for social and economic development. Assistance is delivered in the form of expertise, training opportunities and equipment supply.

64. The Office of the Special Adviser on Africa provides support for the implementation of NEPAD through its reporting, advocacy and analytical work at the global level. During the past year, it undertook a range of activities to contribute to the mobilization of financial resources and technical cooperation for the implementation of NEPAD and prepared a number of studies to share experiences on the implementation of NEPAD. As a contribution to mobilizing financial resources for Africa's development and the implementation of NEPAD, the Office convened a round-table discussion on "Capital flows to Africa: potentials for financing the New Partnership for Africa's Development", in October 2003, which reflected on long-

term financing needs for Africa. The Office also issued publications on experiences with the implementation of NEPAD: *South-South Cooperation in Support of the New Partnership for Africa's Development: Experiences of Africa, Latin America and the Caribbean and Integrating the Priorities of the New Partnership for Africa's Development (NEPAD) into the National Development Process: Experiences from Selected African Countries*. The Office also organized several briefings for delegations on topical issues pertaining to NEPAD.

### **Challenges and constraints**

65. In spite of the progress made, the United Nations system faces a number of challenges and constraints in supporting NEPAD. First, increased financial commitment by the United Nations system for NEPAD is dependent on the United Nations and the agencies receiving additional financial resources for these programmes. Second, while the organizations of the United Nations system are required to initiate an increasing amount of joint programming and new initiatives, the lack of additional financial resources limits the scope and prospect of joint activities.

## **V. Conclusions and recommendations**

66. **As the implementation of NEPAD moves forward, a strengthened partnership is needed, in which African countries deepen their commitments to the priorities of NEPAD and its development partners take a composite of carefully targeted measures and actions to give NEPAD a major impetus. As its contribution to this process, the United Nations system is committed to using its existing coordination mechanisms at the global, regional and national levels to promote coherent support for NEPAD.**

67. **African countries have demonstrated their commitment to advancing the implementation of NEPAD by earmarking financial allocations to selected sectoral priorities. They will need to make every effort to reach the set targets in the shortest time possible. This will depend partly on efforts to mobilize domestic resources in the first instance, and partly on an international environment that is more favourable to Africa.**

68. **The development partners of Africa can give further practical expression to their support for the efforts of African countries by taking action in three important areas: first, by creating an enabling international environment that is supportive of growth and development in Africa; second, by bringing much needed coherence to trade, aid and debt policies, so that African countries are the net beneficiaries of international actions in those areas; and third, by undertaking concrete measures to accelerate the implementation of NEPAD by making significant financial outlays to fund the key sectoral priorities of NEPAD.**

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*Notes*

- <sup>1</sup> Estimate provided by the African Development Bank, NEPAD Support Unit.
- <sup>2</sup> See G-8 Leaders' statement on debt sustainability for the poorest, 10 June 2004. Available from <http://usinfo.state.gov/ei/Archive/2004/jun/10-625276.html>.
- <sup>3</sup> This figure turns out to be much higher than the estimate provided in the last report (A/58/254), which was based on the 5 per cent growth in ODA in 2002 over 2001.
- <sup>4</sup> See "Modest increase in development aid in 2003". Available from <http://www.oecd.org>.
- <sup>5</sup> The final figure of ODA to Africa could be lower both because the non-OECD growth could be lower than 3.9 per cent and because the global OECD/DAC figure of \$68.5 billion, on which the growth rate is based, may have included debt relief, security-related aid and other things that might ordinarily not be counted as new aid.
- <sup>6</sup> For a discussion of how aid projects and their demands on Governments are straining the administrative capacity of African Governments, see the illustrative experiences of selected African countries recounted in "Ranking the rich, 2004", *Foreign Policy* (May/June 2004).
- <sup>7</sup> At two recent meetings, African ministers have expressed regret over the lack of progress in these areas and urged action; see the Ministerial Statement issued by the Conference of African Ministers of Finance, Planning and Economic Development in Kampala on 22 May 2004 (available from [www.uneca.org](http://www.uneca.org)) and the Kigali Consensus on the Post-Cancun Doha Work Programme adopted by the Conference of Ministers of Trade, Customs and Immigration in Kigali on 28 May 2004 (AU/TD/MIN/Decl.1 (II)). African leaders have also drawn attention to another aspect of the commodity problem — the impact of the EU Common Agricultural Policy on commodities; see the Declaration on the Ongoing Review of the EU Common Agricultural Policy (CAP) and Its Impact on Trade in Commodities with ACP Countries (Assembly/AU/Decl.13 (III) of 8 July 2004).
- <sup>8</sup> World Bank, "Africa region trade progress note". Available from [www.Worldbank.org/afr/trade/wb-assistance\\_2003-03.pdf](http://www.Worldbank.org/afr/trade/wb-assistance_2003-03.pdf).
- <sup>9</sup> UNCTAD, *Economic Development in Africa: Trade Performance and Commodity Dependence* (United Nations publication, Sales No. E.03.II.D.34).

## Annex

Table 1  
**Targets for expenditure on selected NEPAD sectoral priorities**

<i>Sector</i>	<i>Percentage allocation</i>	<i>Base of allocation</i>
Health	15%	National budget
Agriculture	10%	National budget, to be met within 5 years
Water and sanitation	5%	Budgets at all levels of Government (national and local)
Science and technology	1%	Gross domestic product, to be met within 5 years

*Sources:* For health, the OAU Summit Abuja Declaration on HIV/AIDS, Tuberculosis and Other Related Infectious Diseases, adopted in Abuja in April 2001; for agriculture, the AU Summit Declaration on Agriculture and Food Security in Africa, adopted in Maputo in July 2003; for water, African ministerial conference on water: conclusions, recommendations and ministerial commitments, adopted in Addis Ababa in December 2003; and for science and technology, the outline plan of action of the First NEPAD Ministerial Conference of Science and Technology, held in Johannesburg in November 2003 — the earmarking for science and technology draws its inspiration from the Lagos Plan of Action for the Economic Development of Africa, adopted by the Second Extraordinary Summit of OAU held in April 1980.

Table 2  
**Net ODA flows to and debt service<sup>a</sup> of Africa**

	1990	1995	2000	2001	2002
Net ODA flows to Africa <sup>b</sup> (billions of US\$)	25.56	21.96	15.78	16.63	22.23
Debt service of Africa on long-term debt <sup>c</sup> (billions of US\$)	22.00	20.30	20.00	19.00	17.60
(including private non-guaranteed debt)	23.02	22.24	22.14	21.39	21.93

*Sources:* OECD/Development Assistance Committee Statistics and Monitoring Division, Development Cooperation Directorate, June 2004.

<sup>a</sup> This refers to debt service of Africa on long-term (public, private guaranteed and private non-guaranteed) debt.

<sup>b</sup> OECD/DAC Statistics and Monitoring Division indicates that the Libyan Arab Jamahiriya progressed from part I to part II of the DAC list on 1 January 2000. This means that as of that date the Libyan Arab Jamahiriya is eligible to receive official aid and not ODA.

<sup>c</sup> UNCTAD, based on calculations from World Bank Data.