

INTRODUCTION: OWNERSHIP AND PARTNERSHIP IN AFRICA'S DEVELOPMENT STRATEGY

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On May 1-2, 2002, The North-South Institute (Canada) and the African Economic Research Consortium (Nairobi, Kenya), hosted an independent conference in Nairobi of analysts, policy-makers, and advocates engaged in Africa.¹ The theme of the conference was the meaning of ownership and partnership in Africa's development strategy. These have been key issues in recent years, for two reasons. First, there is increasing awareness of a need for rich governments to reform aid policies, programs, and practices, as most recently expressed at the United Nations International Conference on Financing for Development, held in March 2002 in Monterrey, Mexico. Second, African leaders presented a major initiative for African development, the New Partnership for Africa's Development (NEPAD), during the G-8 Summit at Kananaskis, Canada, on June 26-27, 2002. The G-8 leaders, led by Canada, responded with their own Africa Action Plan. Together, the NEPAD and the Africa Action Plan hope to forge a new partnership between Africa and G-8 governments, based on a new aid relationship, to renew Africa's development.

The Nairobi conference covered a broad range of issues relevant to Africa. It assessed the implications of the Monterrey Consensus, which supported NEPAD, for Africa, and it identified the issues likely to be on the agenda of the United Nations World Summit for Sustainable Development to be held in Johannesburg, South Africa, in September 2002. In addition, the conference addressed aid reform in Africa; Poverty Reduction Strategy Papers (PRSPs), which are jointly administered by the International Monetary Fund (IMF) and the World Bank (WB) and are strongly influencing the practice of aid delivery; the related program for poor country debt relief (the Heavily Indebted Poor Country (HIPC) Initiative of the IMF); and the NEPAD itself.

This introduction synthesizes papers and discussions at the conference. It focuses on prospects for a new partnership between Africa and the G-8 arising from NEPAD and for new flows of aid and aid reform. The complete conference papers covering a broad range of development issues in Africa form the remainder of this volume.

Africa's development headed the agenda at the G-8 Summit in June 2002. There is a sense of urgency about it for two reasons. The first is the significance of NEPAD as a comprehensive initiative from Africa. The second is Africa's development predicament. As noted

in the NEPAD document, over half of the population of Africa lives on less than US\$1 a day, a situation which is worsening. The mortality rate of children under five is high at 140 per 1,000, and life expectancy at birth is 54 years. Safe drinking water is available to slightly more than half of Africans, and the illiteracy rate for people over 15 is 41 per cent. Something needs to be done.

Summary and recommendations

This section summarizes the brief, and recommends to the NEPAD Steering Committee and G-8 leaders necessary steps toward a new partnership for Africa's development.

Summary

Through the NEPAD, Africa is appealing for a new partnership with the developed world. The key to the new partnership is Africa's assertion of responsibility for its own development, and its determination to set the development agenda. Thus, ownership and partnership are closely linked. But what exactly do "ownership" and "partnership" mean, and do Africa and the G-8 agree on meaning?

The NEPAD envisages a bargain, whereby Africa delivers peace and good governance and adopts appropriate policies of its own choosing, and the developed world delivers more resources, including aid, trade, investment, debt relief, and aid reform. This would replace the existing aid relationship, which is heavily controlled by developed country governments for reasons of self-interest, differences in world view, and perceptions of pervasive corruption or incapacity of African partners.

Three questions arise concerning the proposed bargain. First of all, is a real partnership possible when the balance of power necessarily weighs on the side of developed countries? That depends on whether, given improved democracy and economic management by African partners, donors will support unorthodox but reasonable social and economic development policies. It also depends on whether donors will submit to independent monitoring of their performance. This could be done at the level of individual African countries, as happens now in Tanzania. Or it could be done by a "reverse" consultative group, where individual donor agencies meet numbers of their African partners to have the donor's performance reviewed.

Second, is real ownership by African partners probable? The NEPAD is not primarily a development strategy or policy program, but a vision of a new African engagement with the rest of the world based on improved political and economic governance. The support it has from many African leaders is nominal and given provisionally in hopes of receiving large new resource inflows. NEPAD itself was developed quickly by a few leaders, with no participation from the African people, and is being validated only in the international arena with the G-8 leaders.

Third, how likely is it that real ownership by developing countries will lead donors to increase resource flows and reform aid policies, programs, and practices? Modest increases in aid to all developing countries were pledged at the recent Financing for Development Conference. However, it is not clear whether this is meaningful, since much of the new aid will apparently come with hard conditions. Further, debt relief provided under the enhanced HIPC (II) initiative is slow, may still leave many African countries with unsustainably high debt burdens, and often does not release the cash needed to finance current poverty reduction and development programs. Finally, in future, developed countries will probably be more selective about which countries receive most of the aid, favouring those which adopt "good" policies.

Many developed countries do accept a need to reform aid policies, programs, and delivery systems. However, some important ones are resisting, and indeed muse about resurrecting intensive conditionality. Even among the pro-reform donors there is a large gap between rhetoric and reality, especially at the operational level. In some donor countries there are glaring inconsistencies in policies affecting African countries, such as simultaneous increases in aid allocations and domestic agricultural subsidies, which may well leave African partners worse off.

Prospects for the NEPAD and the Africa Action Plan do not seem good. Both lack legitimacy: NEPAD because it does not recognize African diversity and does not yet have the support of the people, who remain almost entirely ignorant about it; and the Africa Action Plan because G-8 leaders do not seem to be bringing anything to the new partnership. What will happen to NEPAD if G-8 leaders do not offer substantial new resources or reform? What will happen to the Plan if African leaders do not deliver on peace and political and economic governance? Probably the best that can be hoped for is modest increases in cooperation between Africa and the G-8 on regional projects and areas of collective action, such as debt relief, aid delivery systems, or the World Trade Organization (WTO). Provided that proponents of NEPAD remain open to genuine dialogue, civil society organizations in Africa may also be able to use NEPAD to engage their governments on issues of participation, accountability, and the design of development strategy.

Recommendations

The Nairobi conference generated several ideas including the following actions. It would be best to implement them by beginning with specific scheduled steps to build understanding and trust.

- The NEPAD Steering Committee and the G-8 leaders should engage in a dialogue to clarify what they mean by "ownership", "partnership", and "good performance" in the new aid relationship. They should do this openly, to garner public support in African countries and address popular donor fatigue in G-8 countries.

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- The Committee and leaders should agree to work in a coordinated way to:
 - i) replace current donor-driven processes governing policy design, program implementation, and aid delivery with more partner-driven processes;
 - ii) improve democratic practices and participation in designing development strategies, reduce corruption, and increase focus and discipline in economic management in African partners.
- The Committee and leaders should agree on a process to anchor development strategy and social and economic policy in a rigorous analysis of the context and constraints in each partner country. Strategies and policies should emphasize the HIV/Aids health emergency and the need to raise agricultural productivity to reduce poverty and promote development.
- The G-8 leaders should commit to reform their aid practices by, among other things, untying aid, coordinating programs, harmonizing procedures and standards and otherwise reducing the transactions costs of aid delivery, channeling more aid through partner governments' budgetary processes, committing aid for longer periods to improve planning and predictability, providing contingency assistance in the event of adverse external shocks, and increasing debt relief.
- The G-8 leaders should agree to have their performance in reforming aid policies, programs, and practices monitored and assessed by their African partners. This should be done by an independent body at the level of individual partner countries, and by "reverse" consultative groups, where individual donor agencies meet their African partners for a performance review and to learn best practices.
- The Committee and leaders should agree to increase aid and other resources for development to all African countries. Country selectivity in aid should apply to the new aid relationship and delivery systems, rather than to the volume of flows. African partners who perform better than others in political and economic governance should receive priority in benefiting from the new aid relationship. Aid to the others should be used to increase their capacity and encourage better performance.

Ownership and partnership in NEPAD

NEPAD appeals for a radical new partnership between Africa and the developed world, to address the failure of African development. A feature of the concept of partnership in NEPAD is that Africans will appropriate responsibility for their own future and set their development agenda.

This program is premised on African ownership, African control of the projects and programs, with African leaders accepting openly and unequivocally that they will play their part in ending poverty and bringing about sustainable development (President Thabo Mbeki, address to the South African Parliament, quoted by Herbert Ross in "Implementing NEPAD: A Critical Assessment", paper presented to the Nairobi conference, p. 4).

Another feature of the new partnership in NEPAD is that developed countries will work with Africa to substantially increase resources for development in Africa through aid, trade, investment, and debt relief. Developed countries are also expected to reform their aid policies, programs, and delivery practices.

Ownership by Africans and by donors, and partnership between the two, are closely linked in NEPAD. One of the challenges of the dialogue between the NEPAD Steering Committee and the G-8 leaders is to clarify what these concepts mean to each of them.

Partnership

NEPAD proposes a bargain in which African leaders will deliver peace and good governance and the developed countries will deliver more resources of various kinds, including aid, more trade with developed economies, investment in Africa, and debt relief. The NEPAD document estimates that US\$64 billion in additional investment is required annually, mostly from international sources, to kick-start rapid and sustained growth and poverty reduction.

In this section we will examine the prospects for such a bargain. But first, even if both sides make a genuine effort to uphold their end, one wonders whether a real partnership is possible. The wealth of the donor countries and the great financial need of the African partners tilts the balance of power heavily in favour of the donors. There are two key tests of donor interest in creating a real partnership with African countries. The first is whether donors will agree to have their aid performance monitored by an independent body at the level of individual African countries. Tanzania is currently experimenting with independent monitoring of both donor and recipient performance. It would also be interesting to establish a "reverse" consultative group process, where individual donor agencies would meet numbers of their African partners to review performance and to learn best practices.

A second key test of real partnership will arise when African countries, having substantially reduced corruption, established a focused and disciplined budgetary process, and obtained the broad support of the population, adopt reasonable but unorthodox or non-standard economic or development policies. Will donors who do not subscribe to such policies support them anyway?

Experience with economic development policy does not point unequivocally to a particular set of policies that can be relied upon to deliver "good" performance. In general, different policies are appropriate for different local and international contexts and for different stages of development. What seems to matter most is not particular policies, but strong institutions. In order to foster a real partnership, donors should focus on building capacity and strong institutions, and should not insist on their preferred policy package. For their part, African partners should ensure that policies are chosen with the broad participation and support of civil society organizations and the people.

Ownership

The existing aid relationship is driven by donor agencies. Donors have sought increasing control over aid because of self-interest, differences in world view with African partners, especially with respect to development models and policies, and perceptions of widespread corruption or incapacity in Africa. But donors increasingly recognize that the highly conditioned approach to aid is not working.

African countries do not dispute that donors should retain some control over the aid relationship. They insist, though, that the control exercised so far is excessive and misplaced. African countries which demonstrate that they are tackling corruption, improving economic management, and seeking the support and participation of their people, should be able to set their development agenda and choose their policies. Intrusive conditions on processes and outcomes should be replaced with an impartial monitoring and evaluation process, such as the peer review mechanism proposed in NEPAD.

The NEPAD initiative

The significance of NEPAD should be assessed in terms of both its content and the process by which it was prepared. It has achieved prominence on the international agenda, and much attention and hype from G-8 leaders. But a careful look at the initiative reveals some serious flaws.

The document

The NEPAD is not a technical document and not a strategy of development, or a plan of action. It contains a long list of key sectors and actions to be taken, but there are no strong priorities, few details, and above all, there is no rigorous analysis of African development issues and constraints. The NEPAD is a political statement. In it African leaders accept responsibility for Africa's development and promise to hold themselves accountable. They agree to improve political and economic governance and to monitor and assess each other's performance. But Africa is a diverse continent and it is not easy to change entrenched political and administrative institutions overnight. The document does not present a political strategy for how this might be achieved. Its most important, concrete, proposal is to establish an independent body to monitor and rank countries by their performance. G-8 leaders responded enthusiastically to this proposal, but given the diplomatic complexities involved, it is not at all clear how realistic it is.

The document presents no new ideas for economic strategy or development models. Instead, it appears to accept the conventional development packages of macroeconomic stabilization and structural adjustment, which are heavily criticized by civil society organizations in Africa. Strikingly, there is no special emphasis on the need to address agricultural productivity or the HIV/Aids catastrophe, both essential to systematically reduce poverty and promote development.

The process

The NEPAD document was written quickly by a few African leaders, with the tacit or assumed agreement of the others. Since then it has been presented to the donor community in a variety of forums, culminating in the Kananaskis G-8 Summit in June 2002. Despite its prominence on the international agenda, it remains relatively unknown to many African leaders and, astonishingly, to most of the African people. This is notwithstanding an explicit appeal to Africans for their support:

The [NEPAD] will be successful only if it is owned by the African peoples united in their diversity. ...We are, therefore, asking the African peoples to take up the challenge of mobilizing in support of the implementation of this initiative...(NEPAD, Oct., 2001, pp. 8,9)

The lack of information provision and consultation may to a large extent reflect the perceived need to move quickly in order to gain international attention. Nevertheless, it significantly undermines the appeal to ownership and to mobilization. In a recent speech to a conference in Dakar, Senegal, seeking private sector funding for NEPAD, Mr Wiseman Nkuhlu, Chair of the NEPAD Steering Committee, distinguished between the conceptualization and implementation phases of NEPAD and promised more participation in the latter. But his description is more of an information dissemination strategy than an authentic consultation:

NEPAD is a long term project that will be implemented over decades. This year marks the launch of the implementation process. Mechanisms for fostering participation are being developed simultaneously with the finalization of the detailed implementation program. ...One of the biggest challenges we face is the urgent need to broaden and deepen ownership of NEPAD by the African people. To this end we have embarked on the rollout of a marketing and communication strategy. This includes the establishment of country NEPAD coordinating structures that are responsible for marketing and broadening participation through workshops and programs in the media including radio and TV. (Conference on the financing of NEPAD, W. Khulu, Dakar, Senegal, April 15, 2002, pp. 6-7):

Prospects for popular ownership of the NEPAD process may be informed by African countries' experience with Poverty Reduction Strategy Papers (PRSPs), which are rapidly shaping the current aid relationship. PRSPs intend to target poverty reduction at all levels of the development process and are meant to justify debt relief by donors. Indeed, the PRSP process is a condition of debt relief. PRSPs are supposed to be developed with broad and deep participation by communities and civil society organizations, both in identifying problems, devising solutions, and monitoring results. In that sense they are close in spirit to the NEPAD initiative. In practice, though, PRSPs have suffered a number of problems. In their eagerness to receive timely debt relief, African governments tend to speed through the consultation process. As a result, African civil society organizations and international donors have noted that, participatory exercises are often superficial, analysis of constraints on development and proposed development strategies and programs are poor in quality, and

the content reflects standard economic policy packages which African governments believe will be accepted by the donors.

The Africa Action Plan

The donor community faces two challenges. The first is the broad inadequacy of development, growth, and poverty reduction in Africa. The second is the danger of growing donor fatigue within individual countries. Some donor governments express dismay at the ineffectiveness of aid to Africa, and insist that major increases in disbursements are not appropriate until effectiveness improves.

Such a response does not make sense. The aid relationship so far has been strongly donor-driven. That is, donors have “owned” it and have largely set the development agenda. It is awkward, then, to explain the ineffectiveness of aid solely by reference to conditions in and actions of the African partners. Have donor agencies imposed flawed policies and employed counterproductive programs and aid delivery systems? Have donor agencies preferred the poorest countries and those where aid will be most effective? In fact, a large part of aid in the past has not gone to good-performance countries, nor has it improved policies or performance in the others.

NEPAD calls for increases in aid flows to Africa, and it calls for reform of donor aid programs and practices. How will the G-8 leaders respond? What will be on offer in the Africa Action Plan?

More aid

At the Conference on Financing for Development donors pledged increases in aid to developing countries. These are modest increases, but important in that they run counter to the trend of steadily declining aid flows of the last decade. However, the true value of the new pledges is suspect, since some of the donors, the United States in particular, intend to apply stiff and seemingly arbitrary conditions to disbursements. In the 1990s, nominal official development assistance flows to Africa actually fell by about 40 per cent. The amount of aid that Africa receives, or can expect, is far less than what is needed to meet growth targets of six or seven per cent or to achieve the Millennium Development Goals. The United Nations estimates that Africa needs aid increases of US\$10 billion per year. Oxfam estimates the need at an additional US\$25 billion per year. These increases would be attained if OECD members actually delivered on the internationally agreed target of 0.7 per cent of their GDP for aid.

In future, the G-8 leaders intend to channel aid flows more selectively to countries with “good” policies. But who will decide what the “good” policies are, and what will that mean for African ownership? What will happen to funding for health, education, capacity-building, and poverty reduction in countries whose governments do not adopt “good” policies?

There is a strong case for greater selectivity in aid, but not primarily with respect to economic and development policies nor as applied to the volume of flows. Aid will be more effective where countries are improving economic and financial management and planning, maintaining consistency and stability in development policies, establishing strong institutions, and cultivating popular participation. Those countries should be allowed much more ownership of economic policies and the development agenda, and should be the main beneficiaries of reform of aid programs and practices. Aid to other countries should not be reduced, but should be used for humanitarian purposes, to build capacity and to encourage reform. In those countries donors should retain stronger controls over aid disbursements, for example by avoiding government budgetary processes, as is now done for many African partners. Country selectivity of aid should apply more to ownership principles and delivery systems than to policies and the size of aid flows.

The G-8 leaders are likely to offer a modest increase in debt relief through the enhanced HIPC (II) initiative. Still, relief in Africa will be far short of what is required or of what has been promised. The real value of debt relief is seriously undermined by a series of continuing problems: projections of export earnings, upon which the amount of relief is determined, are over-optimistic; qualification thresholds (such as debt-export ratios) are unrealistically high; accounting for adverse economic shocks is inadequate; there are bureaucratic delays by some creditors and some insist on tying relief to purchases of their exports; relief is calibrated to available funds, rather than to needs; relief is sometimes given for geopolitical reasons; not all creditors are participating in the program; the relief is often very slow to come into effect, the impact on cash flow is limited; and old-style harsh IMF conditionality still applies to the process.

Aid reform

There is broad agreement among many donors of the need to reform the aid relationship, foster local ownership, and improve aid effectiveness. Specifically, at the Financing for Development conference donors agreed to:

- support partners in taking the lead and setting the agenda for economic growth, poverty reduction, and development policy
- channel more aid through the partner's budgetary process
- untie aid, especially in the area of technical assistance
- coordinate aid programs with other donors, including by pooling funds for common programs
- harmonize standards, operational procedures and reporting requirements, and generally reduce transactions costs of aid delivery
- make longer term aid commitments and respond to exogenous shocks, so as to enhance planning and predictability.

However, aid reform faces at least three obstacles. First, there is a large gap between rhetoric and reality, especially at the operational level in African countries. Aid agencies have heavy bureaucracies and are often subject to parliamentary or ministerial oversight, so they face many internal constraints to change.

Second, there are major policy inconsistencies in some donor countries with respect to relations with Africa and other developing countries. Glaring examples are the co-existence in levels or increases of aid to Africa and subsidies to domestic sectors which compete directly with African products and exports. The result in some cases may be a net reduction in resources to some African countries, despite nominal increases in aid flows.

Third, there are deep differences in perspective among some donor countries, especially with the increased prominence of the United States since the Financing for Development conference. To a large extent, the new aid pledges arise from the war on terrorism, a motivation which may shift country selectivity criteria away from governance and need. Further, the United States and some other donors do not seem to adhere to the new principles of donor reform and partner ownership of the development agenda.

Prospects for a new partnership

What does the future hold for NEPAD, and what are the prospects for a new partnership between donor and African countries?

Both NEPAD and the Africa Action Plan suffer from a basic lack of legitimacy. NEPAD does not rest on the necessary foundation of a rigorous analysis of the reasons for Africa's failed development, or of the political basis for a grand, continent-wide initiative. It does not recognize African diversity, political realities, existing development efforts at numerous levels or, ironically, the need for local ownership. At present, it appears that NEPAD and early steps toward its implementation are being captured by a few African and G-8 leaders, in terms of both content and process. African civil society organizations who have seen the document are strongly critical of its wholesale acceptance of conventional economic policies and models, and its project approach to development. The Africa Action Plan lacks legitimacy because G-8 leaders do not seem to be bringing anything new or substantive to the new partnership.

What will happen to NEPAD if G-8 leaders do not offer substantial new resources or reform? What will happen to the Plan if African leaders do not deliver on peace and political and economic governance? Probably the best that can be hoped for is modest increases in cooperation between Africa and the G-8 on regional projects and areas of collective action, such as debt relief, aid delivery systems, or the World Trade Organization (WTO). Development strategies and programs and social and economic policies will surely continue to be designed and implemented at the national level. Provided that proponents of NEPAD remain open to genuine dialogue, civil society organizations in Africa may also be able to use NEPAD to engage their governments on issues of participation, accountability and the design of development strategy.



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Notes

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