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## ISSUES FOR DISCUSSION

1. What are the challenges, opportunities and lessons learnt in the implementation of NEPAD?
2. What is needed to accelerate progress in achieving the objectives of NEPAD and how can UNCTAD assist?
3. How can the UN system strengthen collaboration, coherence and coordination in providing support to NEPAD?
4. What would be the role of the African Regional Economic Communities and other local stakeholders in the implementation of NEPAD?

## **RESPONSES**

### I. ACHIEVEMENTS, CHALLENGES, LESSONS AND OPPORTUNITIES IN THE IMPLEMENTATION OF NEPAD

#### I.1 Major Achievements of NEPAD

The NEPAD frameworks have brought better coherence and focus in response to Africa's development challenges. NEPAD has been foresighted as it provides a consistent framework for sustainable development in Africa.

NEPAD implementation has brought a common voice to Africa's position globally and a platform for engagement of the continent's development partners. NPCA is present at the G8, G20 and is an active member of the African Partnership Forum (APF), which assists G8 countries to articulate and respond to NEPAD-led development issues.

With APRM an offshoot of NEPAD, this unique mechanism has contributed to improved political governance on the continent. A total of 31 countries have acceded to the APRM and 14 have been reviewed and are implementing National Plans of Action (NPOAs). There has been heightened focus on governance and institutional issues in African countries since the adoption of NEPAD.

At the programmatic level, a synopsis of achievements consists of the following:

CAADP is leading agricultural reforms, productivity and investment. Thirty National Compacts have been signed; these have raised more than US\$700million from the Global Agriculture and Food Security Programme (GASFP) in support of implementation of National Agricultural Investment Plans. A CAADP multi-donor trust fund is operational and managed by the World Bank, while a knowledge and information support system will be launched by the end of 2012.

Sustainable fisheries and land management programmes have been effectively integrated into CAADP.

An African Fertilizer and Agribusiness Partnership Platform has been established to provide small-holder farmers access to fertilizer.

The infrastructure programme has seen the approval of PIDA, establishment of PIDA trust fund at the AfDB, launch of the IAIDA of which NPCA is the executing agency and greater focus on priority projects through the PICI.

A platform for the harmonization of African medicines regulatory frameworks is in place and being supported by a multi-donor trust fund.

The African Biosciences Initiative has trained 23 PhD and MSc-level scientists, set up bioinformatics centres and will establish by the end of the year an African Biotechnology and Biosafety Platform to guide and harmonize continental, regional and national strategies in the areas of biosciences and biosafety.

The Gender Programme has capacitated some 30 NGOs across the African continent to give voice to women empowerment and gender equality groups.

The e-Africa Programme has piloted 96 e-Schools in 16 African countries that have contributed to raising ICT penetration in local schools and raising educational standards.

The Capacity Development Programme has set up the Africa Platform for Development Effectiveness that guided the development of Africa's common position for the Fourth High Level Forum on Aid Effectiveness that was held in Busan in December 2011. It is also mainstreaming a continental capacity development strategic framework into the capacity development plans of Regional Economic Communities and African countries.

A regional consultative dialogue held in June 2012 is expected to lead to the establishment of a continental platform for coordinating the activities of RECs, NEPAD country offices and focal points as well as operations of regional institutions and agencies that implement NEPAD programmes.

## I.2 CHALLENGES AND CONSTRAINTS

Means of Implementation: While considerable progress has been made in the implementation of the NEPAD programme over the first decade, success has been constrained by means of implementation.

These consist of:

Inadequate financial resources – shortfalls in pledged resources by the international development community and domestic resources. Need to raise development effectiveness of aid.

Shortage of Capacity – inadequate investment in the development of human and institutional capacity on the continent. School enrolment and completion rates especially at post-primary levels are below 70%. Quality of education generally remains a challenge.

Persisting governance and institutional challenges – In spite of remarkable progress made in the improvement of the governance environment, challenges still persist. Corruption still exists and is a reflection of continuing weakness of public accountability mechanisms and suppressed transparency systems. There are, however, strategies and measures that are working. The demand for public accountability by civil society and other stakeholders is becoming stronger in order to reach collective and nationally-owned mechanisms for translating ideas into public policy reforms and change. There is a strong conviction that a viable, strong and well-informed civil society is central to good governance and therefore an effective institutional partner in the development process. Effective leadership and governance in the social sectors need stepping up.

Regional integration: multiplicity of RECs with overlapping membership remains a challenge; weak capacity and political will for implementation of regional integration agenda at the national level; inadequate cooperation for the implementation of trans-boundary infrastructure projects and programmes.

Trade and Market Access: Market access for exportables from African countries remains a challenge due to non-tariff barriers and subsidies in OECD countries. Intra-regional trade in Africa remains very low – below 30%. Africa remains marginalized in international trade due to poor diversification of exports.

Technology transfer: the development of the NEPAD S&T Consolidated Plan of Action and establishment of the African Ministerial Council of Science and Technology (AMCOST) have been major achievements among other initiatives. Yet, not much investment is being made in S&T. The quality of science and engineering education is declining at all levels.

South-South Cooperation: need to harness the benefits of SSC more effectively and make them responsive to Africa's priorities, pay attention to debt sustainability issues, environmental profile.

### **I.3 LESSONS AND OPPORTUNITIES IN NEPAD IMPLEMENTATION**

- Need to deepen understanding of governance challenges and strengthen the framework for resolving conflicts. Political stability and internal security are crucial to successful implementation of NEPAD frameworks and programmes.
- APRM should be entrenched and a new generation of political leadership cultivated.
- Institutional framework for governance should be continuously improved. The broader the level of representation of stakeholders the better
- Programmes need investment plans, which address resource requirements. Innovative sources of financing are needed to supplement government and donor financing.
- Effective and efficient management of financial resources is direly needed. Better investment of windfalls from minerals resources is needed.
- Monitoring and evaluation system should be built into programmes to promote accountability for results and continuous learning and improvement
- Balanced integration of all three pillars of sustainable development should be followed. To this end, environmental and natural resource accounting should be vigorously promoted.
- Stakeholder participation in development process must be involving and not just mere consultation.
- With the youth constituting a significant proportion of the population, their majority status should be reflected in access to resources and participation in economic, social and political development.
- NEPAD programmes in the economic and social sectors need to pay sufficient attention to issues of trade and regional integration, employment, social protection and gender equality and women empowerment.
- Joint infrastructure development at the regional level is a key to successful integration and poverty elimination

- Public sector effectiveness and private sector development: African countries need to provide effective public policies, sound and stable macroeconomic environment, legal and regulatory frameworks and services, better management of financial resources to promote growth and investment. Also needed is support for the growth of a development-oriented and innovative private sector. PPPs should be strengthened to support investment, infrastructure development and service delivery. The dominance of the state needs reduction in favour of creation of effective institutions.

## ASSISTANCE FROM UNCTAD TO NEPAD

### I. CONTEXT: NEPAD AND SUSTAINABLE INDUSTRIAL DEVELOPMENT

Africa lags behind all other regions in industrial output. Its output accounts for a mere 3% of total gross output and less than 1% of total manufacturing output (UNIDO, 2010). The continent is challenged by a low value chain resulting from low local production capacities, low quality of workforce, poor infrastructure, a less propitious business climate and inadequate investment, among other factors.

The continent needs support to enhance the contribution of industrial development to poverty eradication and sustainable natural resource management. This will involve a combination of financial and technological support for the development of key infrastructure, promotion of access to technology, networking of research centres, adding value to export products, skills development and enhancing market access in support of sustainable development. These areas of need support NEPAD objectives in manufacturing, which include increasing the production and improving the competitiveness and diversification of the domestic private sector, especially in the agro-industrial, mining and manufacturing subsectors, with potential for exports and employment creation.

It will be recalled that in July 2004, the AU General Assembly endorsed the Africa Productive Capacity Initiative (APCI) as NEPAD Sustainable Industrial Development Strategy. In particular, it requested the AUC and the then NEPAD Secretariat (now NEPAD Planning and Coordinating Agency) to provide assistance to Member States in the implementation of the strategy through the development of concrete action plans. The implementation phase of APCI began with the convening of a sub-regional meeting in West Africa in November 2004. An action plan was developed for the sub-region in line with the priority sectors set out in APCI. Planning for other sub-regions followed with the objective of ensuring that all industrial road maps for sub-regions are developed. UNIDO with other UN organizations are providing technical assistance

through the APCI, which aims to increase MVA in selected industrial sectors identified in Africa's five sub-regions.

## II. CONSTRAINTS AND CHALLENGES

Challenges, which need to be addressed in sustainable industrial development, consist of a weak policy and business environment, limited access to the rapid growth in new technologies, inadequate local awareness of environmental issues and strengthening of the labour force. Financial and other support systems for growth, structural change and economic diversification also need strengthening. With small-scale and informal enterprises dominating the private sector, quality and standards of local products are on the low side. There is limited research and development, innovation, diversification and technology diffusion. Limited skills hamper the exploitation of the potential of knowledge-based industries. Poor infrastructure, especially transport, energy and water, make the transition to sustainable industrialization difficult.

Much of Africa has yet to benefit from opportunities provided by globalization, such as greater trade liberalization, transfer of capital, technology and labour. Environmental issues in world trade remain a challenge. The continent is being constrained by capital flight and net outflows of highly skilled professionals. Appropriate industrial development strategies are lacking to facilitate and maximize the integration of large-scale industries, which are mainly concentrated in the extractive sector (e.g. oil, gas and minerals) with other sectors of local economies. Inadequate harmonization of laws, regulations, codes and standards at the national and sub-regional levels limits factor flows (financial, human and technical resources), which could help realize economies of scale, establish intraregional synergies and enhance competitiveness. NPCA would also like to address the issue of lack of a critical mass of companies and institutions willing to cooperate, network and share industrial development knowledge and information in pursuit of sustainable development in Africa.

## III. AREAS OF ASSISTANCE BY UNCTAD

It is therefore obvious that Africa is yet to experience significant industrial growth. Industrial productivity is low and the gap in productivity between African industrial firms and those of the rest of the world has steadily widened. There is however potential for growth as can be seen from the few successful countries. It is in this connection that NPCA would like UNCTAD to support the following:

- Domestic capacity building, strengthening of domestic factor markets, and the supply of public goods.
- Supporting activities to expose firms to international competition and increasing domestic competition, as well as improving access to new technologies and investment in human capital.
- Strengthening support institutions for trade facilitation, credit, technology, establishment of standards and certification schemes, as well as incentive structures that are conducive to industrial growth.
- Enhancement of policy reforms, legal and regulatory frameworks to encourage increased investment, particularly private investment and foreign direct investment (FDI), minimize constraints, ranging from high investor risk to high taxes and tariffs on investment goods to corruption, macroeconomic instability and over-valued exchange rates.
- Support for capital market development in Africa.
- Promotion of access to technology to facilitate a shift from current production processes to less highly polluting, resource-wasting industries and production processes. This will also save on inputs and promote efficiency in energy use, encourage use of renewable resources and generate less waste along the life cycle of a product.
- Strengthening of capacity to manage chemicals within a sustainable development context that is protective of human health and the environment and in compliance with the provisions of relevant international environmental conventions and national environmental laws and policy instruments.
- Technical resources are needed to promote global cooperation and partnerships for the development and implementation of cleaner production processes and adoption of new and safer technologies. This will also promote values that are consistent with corporate social and environmental responsibility, such as those embodied in the Global Compact and ISO standard on corporate social responsibility.