

## CORE PRINCIPLES OF NEPAD: AFRICA'S ROADWAY TO DEVELOPMENT

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*There is a tide in the affairs of men, which when taken  
on to fortune - William Shakespeare<sup>1</sup>* *at the floods, leads*

Africans cannot continue to live in a world where the voices of the poor go unheeded, where economic development benefits only the rich and where conflict is allowed to germinate and where we are seen as the continent of the poor. There is a need for a change that calls for the moral obligation of all Africans.

It was predicted many centuries ago that the poor will always be around,<sup>2</sup> a prediction that becomes more evident with the avalanche of the so-called charity organizations in the world today. However, a severe and humiliating poverty does not promote a culture of democracy and human rights; rather, it leaves many people vulnerable and open to manipulation by several forces and interests. It makes the poor both weak and meek psychologically. Poverty makes people vulnerable to other human rights violations and limits their opportunities for redress. With bowl in his hand, as all the poor do, the poor accepts any crumbs from the high table of the rich, at the highest repayment rate possible. The same applies, *mutatis mutandis*, to the relationship between the poor (African) countries and the rich Western nations and institutions.<sup>3</sup> However, Africa's new generation of enlightened leaders has promulgated an initiative to spur growth and reduce poverty on the continent; it is entitled New Partnership for Africa's Development (NEPAD). It is couched within five core principles: good governance; entrenchment of democracy, peace and security; sound economic policy-making and execution; productive partnership; and domestic ownership and leadership. These are considered as the preconditions for Africa's renewal.

As its primary objective, this article analytically describes and assesses the NEPAD initiative as a strategy for Africa's recovery from economic underdevelopment, poverty and marginalisation. Within this context, it describes and analyzes its core principles, its action plan and strategies, its implementation mechanism and the challenges to be confronted for its successful implementation as the road-way guiding development and prosperity for Africa and making suggestions that might sharpen its overall performance.

Undoubtedly, Africa has, since independence exhibited great ideas, anticipation and proposals towards development and better life for the continent's peoples. Individuals and collective efforts have been complemented by the international community, which has devoted decades to addressing Africa's developmental problems.<sup>4</sup> So, why is Africa still marking time? The answers are that there are no enabling environments to stimulate economic growth and above all, African countries have failed to provide good governance. However, the continent must not continue to

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<sup>1</sup> Shakespeare, W, *Julius Caesar*, act iv, scene iii, Wordsworth ed, 1996, 604.

<sup>2</sup> *The Bible*, John 12:8.

<sup>3</sup> Tade, A A, "Reflections on Democracy and Human Rights," (2000) *African Topics*, 30 cited in Udombana, N J, "How Should We Then Live? Globalization and NEPAD," (2002) 20(2) *Boston University International Journal*, 294 (Udombana, "How Should We Then Live?").

<sup>4</sup> Yaounde Declaration "Africa: Preparing for the 21<sup>st</sup> Century," OAU Document, para 7 (Yaounde Decl).

mope and sulk about its past. The new spirit should be that exhibited in the AU Act,<sup>5</sup> in which African leaders expressed their determination to take up the multifaceted challenges that confront our continent and people in the light of the social, economic and political changes taking place in the world.

During the past decade and beyond, Africa has been described by various authors as a continent betrayed, in chaos, in self-destruction, in crisis, existing in name only, being predatory.<sup>6</sup> These are but a few of the colourful negative images painted about a continent that, up to now, seem to lack the capacity and willingness to come to grips with the need to develop, own, and implement a sustained policy. Of course, most of the negative images have been, and, in many ways, continue to be, accurate. However, as already said a new generation of enlightened African leaders has now decided to stake Africa's claim to the 21<sup>st</sup> century by moving the continent forward from its current state of crisis to one of renewal, bringing with it a better way of life for all Africans.

The NEPAD was previously known as the New African Initiative (NAI). It is a consolidation of two proposals – the Millennium Partnership for the African Recovery Programme (MAP), which had its driving force in Presidents Mbeki of South Africa, Bouteflika of Algeria and Obasanjo of Nigeria, and the OMEGA plan for Africa, which was conceived and sponsored by President Wade of Senegal. It also draws on the Compact for African Recovery: Operationalizing the Millennium Partnership for the African Recovery Programme, which was prepared by the United Nations Economic Commission for Africa following a request emanating from the African Ministers of Finance Conference held in Addis Ababa in November 2000.<sup>7</sup>

This article describes and assesses the NEPAD initiative as the road-way guiding Africa's journey to make the 21<sup>st</sup> century a truly African one, a century which, according to President Mbeki of South Africa, will be seen by historians as one in which Africa has at least emerged from a long period of darkness and fear into one of light and a dream fulfilled;<sup>8</sup> an Africa where through our persistent efforts we have redefined ourselves into something other than a place of suffering, a place of wars, a place of oppression, a place of hunger, disease, ignorance, and backwardness.<sup>9</sup> In particular, the continent will be regarded as having demonstrated the reality of a New African, who having refused to be conditioned by circumstances imposed by a past of slavery, colonialism, neo-colonialism, racism, and apartheid, has succeeded to create a new world of peace, democracy, development, and prosperity.<sup>10</sup> The immediate challenge is how to move from a mere declaration of intent-as embodied in NEPAD and related documents-and organization of workshops<sup>11</sup> to a concrete implementation.

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<sup>5</sup> Organization of Africa Unity (OAU) "Constitutive Act of the Africa Union (2000) (AU Act).

<sup>6</sup> For example, Rose-Ackerman, S, *Corruption and Government: Causes, Consequences and Reform*, Cambridge, Cambridge University Press, 1999; Schwab, P, *Africa: A Continent Self-Destructs*, New York, Palgrave, 2001 cited in Kempe, R H, "From Crisis to Renewal: Towards a Successful Implementation of the New Partnership for Africa Development," (2002) 101, *Africa Affairs*, 387 (Kempe, "From Crisis to Renewal").

<sup>7</sup> In July 2001 at the Lusaka Summit of the Organisation of African Unity, African Leaders endorsed the merger of the MAP and the OMEGA plan into a single programme, which became known as the NAI. In October 2001 at their implementation committee meeting in Abuja, the African leaders agreed to rename the initiative as NEPAD. See also UNECA, compact for African Recovery: Operationalizing the Millennium Partnership for the African Recovery Programme (UNECA, Addis Ababa, 2001), [www.uneca.org; [www.africanrecovery.org](http://www.africanrecovery.org); and [www.gov.za/issues/nepad.htm](http://www.gov.za/issues/nepad.htm), accessed 9/6/2004].

<sup>8</sup> Thabo Mbeki, "New Partnership for Africa's Development and African Union." Address to the Joint Sitting of the National Assembly and the National Council of Provinces, Pretoria, October 31, 2001, 1.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> Several workshops have already taken place in different African countries on the implementation of the many aspects of NEPAD. These include NEPAD implementation workshop, Addis Ababa, August 2-4, 2002.

### **The NEPAD Imperative**

Before NEPAD, the African landscape was littered with many initiatives, development plans, and other programmes of action to the extent that African states had acquired the status of a special international economic zone, and became the object of economic development plans and initiatives both through African designs and through the activities of the UN system. Collectively, these constitute NEPAD's progenitor. They include:

(a) The Lagos Plan of Action for Economic Development of Africa, 1980–2000 and the final Act of Lagos, 1980;

(b) Africa's Priority Programme for Economic Recovery (APPER), 1986–1990;

(c) The Africa Alternative Framework to Structural Adjustment Programme for Socio-Economic Recovery and Transformation (AAF-SAP), 1989;

(d) A Three Year Priority Programme for Survival, Rehabilitation and Reconstruction of the African Economies, 1986–1989;

(e) The African Charter for Popular Participation for Development, 1990;

(f) The Compact for African Recovery, 2000.

In substance, none of these initiatives transformed or improved the African situation. Instead, the decade of the 1990s became the high point of negativism and pessimism about Africa. The initiatives failed for a number of reasons, including the lack of political commitment, lack of synergy with required political and economic reforms, lack of ownership, lack of political will, and lack of resources.<sup>12</sup> They were also extensively driven and influenced by the politics of the Cold War era. For decades, the United States, the Soviet Union, and France propped up dictators who served their interest [rather than the interests of their fellow Africans] – men like Ethiopia's Mengistu Haile Mariam, Somalia's Mohamed Siad Barre, Rwanda's Juvenal Habyarimana, and the former Zaire's Mobutu Sese Seko.<sup>13</sup> Africa, particularly sub-Saharan Africa, is now cast as the least developed region of the world and the least economically productive or competitive in spite of its natural resource endowments. As a light of hope, NEPAD, on the other hand, represents a pledge by African leaders, based on a common vision and a firm and shared conviction that they have a pressing duty to eradicate poverty and to place their countries, both individually and collectively, on a path of sustainable growth and development and at the same time to participate actively in the world economy and body politic. It is therefore anchored on the determination of Africans to extricate themselves and the continent from the malaise of underdevelopment and exclusion in a globalizing world. In other words, it is an attempt at a homegrown solution to overcoming Africa's marginalization in the world economy and international affairs, while improving the standard of living of Africans.

NEPAD realizes the importance of the continental/regional bodies, which has been in existence before its formation hence the provision that the existing regional economic communities shall be strengthened. The treaty further enjoins the establishment of such sectoral economic bodies where they do not exist.<sup>14</sup>

### **Why NEPAD?**

The high tariff barrier, production support, and the use of export subsidies in many countries continue to protect agricultural produce. Small scale farmers and agricultural workers in the south cannot compete on an even playing field set by the global market with huge, industrial scale agricultural business enterprise in the United States, Canada, the EU countries or other developed countries, whose large scale and economic

<sup>12</sup> Aluko-Olokun, L, "The New Partnership for Africa Development," (2001) NIIA, 1 cited in Kempe, "From Crisis to Renewal," 389.

<sup>13</sup> Connell, D and Smyth, F, "Africa's New Bloc," (1998) 77(2) *Foreign Affairs*, 80.

<sup>14</sup> The New Partnership for Africa Development (2001) [www.nepad.org, accessed 9/6/2004] (NEPAD Document).

efficiency are developed with the aid of government subsidies.<sup>15</sup> The North subsidize its agriculture to the tune of \$350 billion annually;<sup>16</sup> and each year the European Common Agricultural Policy gives billions of subsidy to the European farmers to undercut the foreign competition.<sup>17</sup> Such practices place the North as unfair competitors with the developing world for exports of many products and even undercut local producer in domestic market. Ready example is the cheap frozen beef sales to West African countries, which is threatening the livelihood of the region's stockbreeders.

All of these explain the reason the economies of Africa are increasingly facing a serious deterioration of the terms of trade; a decline in international development cooperation; a continuous fall in official development aid; an exacerbation of the external debt problem; and the resurgence of protectionism on the part of the developed countries. The situation has remained predictably the same despite the tremendous sacrifices that African countries have put in to reorganize and restructure their economies, sometimes at a very high social cost. It appears that the more the continent plays according to the global rules to uplift itself, the more an invisible hand seems to negate everything. This is because the international politics of inequality, the New World Order (which is predicated on collective aggression against the generally weaker countries) are such that developing African countries cannot easily survive.

The ugly incidence of poverty resulting from globalization is further accentuated by the failure of Structural Adjustment Programmes (SAPs) that the IMF/World Bank, supported by bilateral and multilaterals donors - such as the Paris and London Clubs - forced on many African countries. SAPs were imposed on the continent purportedly to deal with Africa's economic fragility and non-response to previous development strategies. The reforms were aimed at stabilizing Africa's external and internal balances, thereby promoting their growth. Under SAPs, African countries were required, *inter alia*, to liberalize their trade sector; and eliminate distortions in price; to devalue their currencies and remove government subsidies; to reduce budget deficit and the size of the public sector; and to privatize governmental parastatals. SAPs made the implementation of such policies a pre-condition for debt re-scheduling, new loan facilities, and other concessions.

SAPs have turned out to be bitter herbs of poverty, as it has brought about irreparable damages to African economies. Indeed contrary to habitual claims of WTO, IMF and World Bank concerning SAPs and trade liberalization, studies<sup>18</sup> have shown that sub-Saharan Africa is worse off by their application. For Africa, SAPS have brought about avoidable hardships on its citizens, many of whom were already working for the equivalent of slave labor wages. SAPS further opened national economics and oriented, or reoriented, development strategies<sup>19</sup> with the result that more than half of African countries are classified as Heavily Indebted Poor Countries {HIPC}.<sup>20</sup> For many African countries, it takes more than half of their Gross National Product {GNP} to service their debt.<sup>21</sup>

<sup>15</sup> Taran P A, "Migration, Globalization and Human Rights: New Challenges for Africa," (1999) [<http://www.december18.net/paper2africa2.htm> accessed 12/6/2004].

<sup>16</sup> Ankomah, B, "Our Friend Tony" (Part 2) (2002) *New Africa*, 8 cited in Udombana, "How Should We Then Live?" 311.

<sup>17</sup> Boating, O, "Kufuor's Balance Sheet," (2001) *New Africa*, 15 cited *ibid*.

<sup>18</sup> Phillips, D "African Debt, Trade and Growth in the Eighties and Beyond" in *Regulating Trade and Investment in an Era of Structural Adjustment: The African Experience*, (1995) 190 (shows that the external debt sick of sub-Saharan Africa consistently increased annually since 1980). Cited in Udombana, "How Should We Then Live?" *supra*, n 16, 313-314.

<sup>19</sup> Mittelman, J H, "Globalization: Captors and Captive," (2000) 21(6) *Third World Quarterly*, 917, 919.

<sup>20</sup> These include Angola, Benin, Burkina Faso, Burundi, Cameroun, Central African Republic, Chad, DR Congo, Republic of Congo, Kenya, Liberia, Madagascar, Malawi, Mali, Mauritania, Somalia, Sudan, Tanzania, Togo, Uganda and Zambia.

<sup>21</sup> UNDP, "Human Development Report," (2002) 20 (Hum Dev Rep 2002).

Since the borrower is usually a servant to the lender, the pile-up of large external debts by African countries means that the international creditors and donors are the ones shaping macroeconomic policy in many of these countries, and there is no bondage greater than when a creditor is in charge and making decisions for the debtor.<sup>22</sup> Africa's debt burden says Jesse Jackson, "are the new economy's chains of slavery."<sup>23</sup> Most African countries have been turned into slave states, as external creditors like Shylock in Shakespear's *Merchant of Venice* insist on cutting their pound of flesh.<sup>24</sup>

NEPAD, seeking to avoid Africa's painful experience with development strategies, establishes a 'new' partnership that is both credible and capable in reversing the continent's protracted economic and political backwardness and increasing marginalization in the world economy. This new framework of interaction with the rest of the world inclusive of the G8 and the financial multilateral agencies is based on the agenda set by Africans through their own initiatives and out of their volition, aimed at shaping their destiny. This regional initiative emphasizes that, development is a process involving the people and not the exclusive project of policy makers; and that development is about empowerment and self-reliance. That Africans must be the architects of their development and its sustenance must rest on them and not the foreign benevolent-slave/master guardians.

NEPAD offers Africa potential redemption from years of poverty and underdevelopment. It is a made-in-Africa prescription that is aimed at the sustainable development of Africa. As such, it is a logical response to the call by the UN Secretary-General for the implementation of Sustainable Development Initiatives for Africa.<sup>25</sup> It is also Africa's original initiative towards the achievement of the Millennium Development Goals.<sup>26</sup> It also seeks to give impetus to Africa's development by bridging existing gaps in priority sectors in order to enable the continent catch up with developed parts of the world.

Avoiding the mistakes of past development initiatives that have not redressed Africa's development crisis since the 1970s, NEPAD calls for a higher premium to be placed on getting the right political fundamentals at national, sub-regional and continental levels. Thus, departing from previous development initiatives therefore, NEPAD places greater emphasis on the use of political solution inclusive of the use of the instrumentality of democracy as opposed to strict reliance on economic strategy, to bail Africa out of its endemic underdevelopment. The initiative seeks to improve procedures for customs and drawback/rebate schemes tackle trade barriers in international trade through the improvement of standards; increase intra-regional trade via the promotion of cross-border interaction among Africa firms; counter Africa's negative image through conflict resolution and marketing; and deal with shortages of short-term skills through appropriate incentives and training at firm level.<sup>27</sup>

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<sup>22</sup> UN Economics for Africa, "The Africa Debt Problem: Financial Shackles to Africa's Developmental Process," [www.e/eca/trade/93/5 (1993)] accessed 12/6/2004.

<sup>23</sup> Jackson, J L, "Jubilee 2000" (1998) *LA Times Syndicate*, 5.

<sup>24</sup> Shakespeare, W, *The Merchant of Venice*, act 4, scene 1. The play illustrates a primitive legal institution of personal liability, according to which a debtor was liable for his debt with his person. This meant that his creditor had the 'strict' right to kill him, turn him into a slave or as in play, cut a pound of flesh from him. A human judge arguably symbolizing justice – was able to turn the structures of law against the creditor himself with a proviso "Shed no blood, nor cut off less nor more but just a pound of flesh: if thou takest more ... thou diest, and all they goods are confiscate."

<sup>25</sup> "The Causes of Conflict and the Promotion of Durable Peace and Sustainable Development in Africa," report of the Secretary-General (*UN Doc*) (A/52/871-511998/318).

<sup>26</sup> Report to the Heads of State Implementation Committee (2004) (<http://www.dfa.gov.za/doco/nepad121a.htm>) accessed 9/6/2004. The UN millennium declaration in which the international community pledged, interaction to support Africa's effort to address the continent's under development and maginalisation was adopted in September 2000.

<sup>27</sup> NEPAD Doc., supra, n 14, para 169-171.

## **The NEPAD Initiative**

### ***Its Origin***

The origin of NEPAD dates back to 1999, when Presidents Abdelaziz Bouteflika of Algeria, Thabo Mbeki of South Africa, and Olusegun Obasanjo of Nigeria were the Chairmen of the OAU, the Non-Aligned Movement and the G-77 respectively. They seized the opportunity of their unique positions to address the problems of peace and security, as well as poverty and underdevelopment in Africa. Other pioneering leaders of NEPAD were Presidents Hosni Mubarak of Egypt and Abdoulaye Wade of Senegal. The earlier new Africa initiative on which NEPAD is based was endorsed by the OAU summit in July 2001.<sup>28</sup>

NEPAD is:

A pledge by African leaders, based on a common vision and a firm and shared conviction, that they have a pressing duty to eradicate poverty and to place their countries, both individually and collectively, on a path of sustainable economic growth and development and at the same time, to participate actively in the world economy and body politic.<sup>29</sup>

NEPAD acknowledges that Africa is suffering from underdevelopment and from exclusion in a globalized world; its architects are determined to extricate themselves and the continent from this malaise. In this new framework of interaction with the world, particularly the industrialized countries and multilateral organizations but not excluding the development and strengthening of South South partnerships, NEPAD seeks to set an agenda that will shape Africa's destiny.<sup>30</sup>

Though NEPAD asserts that the impoverishment of Africa is in part accentuated by the workings of the international economic system, it however, also believes that failures of political and economic leadership in many African countries have impeded the effective mobilization and utilization of scarce resources into productive areas of activity that should attract and facilitate domestic and foreign investments.<sup>31</sup> Consequently, if the continent is to experience economic renaissance, African leaders will need to consolidate democracy and sound economic management in the continent, not just in theory but also in practice. It is an initiative borne of conviction of leaders that, Africans must develop themselves or they remain underdeveloped. That Africans have to determine their own destiny and call on the rest of the world to assist them, but not to have development imposed on them. That Africa's development is a process that involves all, the people, the state and local capital. It is about the collective and integrated industrialization of Africa.

It is worth noting that NEPAD is not a legal or quasi-legal document; it is a developmental programme to be made effective through an Africa-owned peer-review mechanism and with the future plan of being integrated into the structures and processes of the AU.<sup>32</sup>

### ***The Conceptual Premise***

Conceptually, NEPAD initiative constitutes a quest that African states seek partnership, mainly, with the erstwhile imperial powers to promote their development and transformation. Since the strategies were deemed to be part voluntary and part mutual, African states assume the establishment of a format that supports their sovereignty and

<sup>28</sup> Aluko-Olokun, L. "The New Partnership for Africa Development" (2001) NIIA, 1 cited in Kempe, "From Crisis to Renewal," 389.

<sup>29</sup> NEPAD Doc., supra n 14, paras 1 and 67.

<sup>30</sup> Ibid para 48.

<sup>31</sup> NEPAD Doc, supra, n 14, para 34.

<sup>32</sup> Communiqué, "Fifth Summit of the Heads of State and Government Committee (HSGCI) of NEPAD" (2002) (<http://www.avmediaatlcgi-script/csnews/new>.) accessed 12/6/2004.

independence on one hand and advance their development on the other. They were to undertake to uphold certain principles and objectives and then their foreign partners would be persuaded to cooperate. The outcome, Africa's development, is present as the aim and goal of the partnership at both ends.

### ***The Objectives***

This initiative has the objectives of improving procedures for customs and drawback/rebate schemes, tackling trade barriers in international trade through the improvement of standards; increasing intra-regional trade via the promotion of cross-border interaction among African firms; countering Africa's negative image through conflict resolution and marketing; and dealing with shortages of short-term skills through appropriate incentives and training at firm level.<sup>33</sup> NEPAD also sets out the modalities for the achievement of these objectives. First, it seeks to promote intra-African trade in order to source, within Africa, imports formerly sourced from other parts of the world. Second, it seeks to create marketing mechanism and institutions that will develop marketing strategies for African products. Third, it seeks to publicize African companies and their products, for example through trade fairs. Fourth, it seeks to reduce the costs of commercial transactions and operations in Africa. Fifth, it seeks to promote and improve regional trade agreements, foster inter-regional trade liberalization and harmonize rules of origin, tariffs and product standards and reduce export taxes.<sup>34</sup>

In pursuit of the above objectives, African leaders plan to intervene in strategic areas that will increase the contribution of trade to Africa's recovery; and they hope to achieve this by identifying key areas in export production in which supply-side impediments exist; and by diversifying production and exports, especially in existing and potential areas of competitive advantage, bearing in mind the need to move toward higher value-added production. Other strategies include assessing the scope for further liberalisation in manufacturing, given the concentration of access in low value-added sectors, and its restrictiveness in high value-added activities with the greatest economic and growth potential.<sup>35</sup> Also, it intends to renew political action by African States so as to intensify and deepen the various integration initiatives on the continent. In order to achieve the overall integration initiative particular consideration will be given to a discretionary preferential trade system for intra-African trade: and alignment of domestic and regional trade and industrial policy objectives, thereby increasing the potential for intra-regional trade critical to the sustainability of regional economic arrangements.<sup>36</sup>

### ***The Goals***

The immediate targets of NEPAD are: to achieve and sustain an average Gross Domestic Product (GDP) growth rate of above 7 percent per annum for 15 years and to ensure that the continent achieves the agreed International Development Goals (IDG) which are:

- To reduce extreme poverty by half between 1990 and 2015;
- To enroll all children of school age in primary schools by 2015;
- To make progress towards gender equality and empowering women by eliminating gender disparities in the enrolment in primary and secondary schools;
- To reduce infant and child mortality by two-thirds between 1990 and 2015;
- To reduce maternal mortality ratio by three-quarters between 1990 and 2015;
- To provide access for all who need reproductive health services;
- To implement national strategies for sustainable development so as to reverse the loss of environmental resources by 2015.<sup>37</sup>

The long-term vision of NEPAD remains the eradication of poverty in Africa, halting the marginalisation of Africa, and the promotion of the role of women.<sup>38</sup>

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<sup>33</sup> NEPAD Doc, supra, n 14, paras 169-171.

<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

<sup>36</sup> NEPAD Doc, supra, n 14, para 171.

<sup>37</sup> Ibid para 68.



### ***The Core Principles***

The preconditions for Africa's renewal are captured in a set of core principles embedded in the NEPAD initiative. There are essentially five such core principles, which can be grouped as described below:

*Good Governance:* The first principle is the proper adherence to good corporate, economic, and political governance. Good governance, in all its facets, has been demonstrated to be positively correlated with the achievement of better growth rates, and particularly through the building of institutions in support of markets.<sup>39</sup> As also recognised in the NEPAD framework, growth and development cannot be achieved in the absence of good governance. Among other things, good governance ensures the most efficient utilization of already scarce resources in the promotion of development; promotes the rule of law; enhances participation, responsibility, and accountability; and has the potential to emancipate people from poverty as State legitimacy is recognised and entrenched. Any effort to reduce poverty must start with and be built upon good governance.

NEPAD added value in this area and candidly came to grips with this principle as a significant precondition for the renewal of African states. Moreover, in the absence of good economic and corporate governance, private investment and productivity will remain at relative low levels. Weak governance and slow economic development go hand in hand, while improved governance contributes to growth and development.

Good economic governance entails, among other things, State capacity to engage in transparent management; to implement internationally accepted standards and mechanisms related to public accountability in fiscal policy, banking regulations and data dissemination; and to develop and empower institutions to prevent and combat fraud and embezzlement of public funds and the laundering of ill-gotten gains or other monetary rewards. The motivation for improving economic governance in Africa is therefore based on the need to build and enhance a credible policy environment in which there is removal of deficiencies that contribute to unstable macroeconomic frameworks, non-transparent and inefficient fiscal, monetary, and regulatory policies, frequently unsustainable budget deficits, and wasteful expenditure and imbalance in sectoral allocations. All of these factors tend to exacerbate the poverty and serve income inequalities that characterize many African States.<sup>40</sup>

Corporate governance refers to the mechanisms through which corporations – whether private, publicly traded, or state-owned – and their managers are governed. It involves a set of relationship among a company's management, its board, its shareholders and its other stakeholders, and also provides the structure through which the objectives of a company are set and the means of attaining those objectives and the monitoring of performance are determined.<sup>41</sup>

Good corporate governance is influenced by a number of factors, primary among which is the nature of the overall institutional and legal framework that has been established by governments to effect such good governance. If African countries are to benefit from private international capital flows, for example, then their corporate governance structures must be regarded as being internationally reputable and capable of instilling

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<sup>38</sup> Ibid para 67.

<sup>39</sup> World Bank, "World Development Report 2002: Building Institutions for Markets" (1999) 2196, *World Bank*, Washington DC.

<sup>40</sup> "The Map Economic Governance Initiative" ([www.africanrecovery.org](http://www.africanrecovery.org)).

<sup>41</sup> Holmstrom, B and Kaplan, S N, "Corporate Governance and Merger Activity in the United States: Making Sense of the 1980" (2001) 15(2) *Journal of Economic Literature*, 14.

confidence in both foreign and domestic investors. Fundamentally, the current complex informational and financial demands now evident as a result of globalization dictate that African states must strive towards more efficient and transparent systems of governance in all of its facets.<sup>42</sup> Moreover, governments can no longer monopolize programme delivery and the processes that lead to economic growth, because they require the active participation of the private sector and non-governmental organizations (NGOs), and such participation is likely to be more forthcoming and effective in an environment of good governance which embraces all relevant codes, principles, standards of internationally recognized best practices as well as institutional reforms as set out in the NEPAD framework document. Those institutional reforms will focus on administrative and civil services; strengthening of parliamentary oversight; promotion of participatory decision-making; adoption of effective measures to combat corruption and embezzlement; the undertaking of judicial reforms; and the adoption of appropriate peer review mechanisms.<sup>43</sup>

*Entrenchment of Democracy, Peace and Security:* The need to entrench democracy across the African continent is also highlighted as a core principle of NEPAD, along with the complementary need to create climate of peace and security. Indeed, NEPAD framework document recognizes a clear awareness that peace, security and democracy are also necessary preconditions for attracting investment, garnering growth and development and reducing poverty. Nowhere are the battle lines clearer than in Africa.<sup>44</sup> Moreover, UN Secretary-General Kofi Annan has said that Africa's potentials can be realized, but first *'Africa must reject the ways of the past, and commit itself to building a future of democratic governance subject to the rule of law. Such a future is within our reach, I am convinced. But only on one condition: that we end Africa's conflict, without which no amount of aid or trade, assistance or advice, will make the difference'*.<sup>45</sup>

Entrenching peace and security is therefore of crucial importance to Africa. Currently, a number of African countries are still faced with conflict and instability, the consequences of which frequently affects neighbouring countries, contributing towards general conditions of regional instability. Unresolved conflict in fact brings with it a host of regional ills, including the proliferation of small arms, light weapons and landmines; terrorism; refugees and internally displaced persons; trafficking in drugs and other illegal goods; and high levels of transnational crime. Measures will therefore be put in place and regional institutional mechanisms reinforced for the prevention, management and resolution of conflict; peacemaking, peacekeeping and peace enforcement; post-conflict reconciliation, rehabilitation and reconstruction; and combating of the illicit proliferation of small arms, light weapons, and landmines.<sup>46</sup>

With respect to the entrenchment of democracy, NEPAD demands that participating governments commit to a set of targeted initiatives intended to contribute to the strengthening of their political and administrative frameworks in line with the principles of transparency, accountability, integrity, respect for human rights, and promotion of the rule of law.

Commitments will therefore be sought for an undertaking to respect the global standards of democracy, the core components of which include political pluralism, allowing for the existence of various political parties and workers unions, and the

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<sup>42</sup> Hamdok, A, "Governance and Policy in Africa," (2001) 2001/126, *United National University/World Institute for Development Economics Research*, Helsinki, 392.

<sup>43</sup> NEPAD Doc, supra, n 14, paras 86-92.

<sup>44</sup> Kohler, H, "A Global Partnership for African Economic Development" (2001) address to the UN Economic and Social Council, Geneva, 1, cited in Kempe, "From Crisis to Renewal," 392.

<sup>45</sup> Kofi Annan, "Address to the Summit of the Organization of African Unity," (2001) Lusaka, 5-6.

<sup>46</sup> NEPAD Doc, supra, n 14, paras 71-85.

periodic organization of fair, open, free and democratic elections to enable the populace to freely choose their leaders.

The foregoing undertaking should also have the long-term effect of enlarging the space in which the peoples of Africa can exercise their rights and become empowered to participate in development and its benefits. It has the potential to create a relationship of trust, rather than cynicism and ill-will between a people and their government and also to give governments the confidence to speak out against abuses of democratic and human rights elsewhere on the continent.

*Sound Economic Policy Making and Execution:* Application of inappropriate and static economic policies have led to Africa's more-than-two-decades-old development crisis. Some progress was made in economic growth rates in the 1990s. However, as previously indicated, standard of living are still very low and current projections suggest that Africa will not be able to meet the international development targets set for the year 2015. The World Bank, for example, has calculated that, without a dramatic change in the pace of progress, Africa will miss most of those development targets by a wide margin.<sup>47</sup>

Sound economic policy-making and execution is a must to make the benefits of NEPAD a reality. According to the NEPAD frame-work document, this precondition for the renewal of Africa entails the restoration and maintenance of macroeconomic stability, especially by developing appropriate standards and targets for fiscal and monetary policies and introducing appropriate institutional frameworks to achieve these standards. NEPAD eloquently recognizes that African countries must reduce their dependence on foreign aid and seize the historic opportunity that has presented itself to end the scourge of underdevelopment that afflicts the continent, given that the resources (including capital, technology, and human skills) that are required to launch a war on poverty and under-development exist in abundance.

*Productive Partnerships:* The penultimate core principle of the NEPAD, as a precondition for the renewal of Africa, is the development of a more productive partnership between Africa and its bilateral and multilateral partners. The overall objective is to improve effectiveness in development co-operation primarily through better practice in the aid relationship, delivery, and reporting systems. This new and better practice would set out mutually agreed performance targets and standard for both donor and recipient countries.<sup>48</sup>

Indeed, the contemporary consensus on African development co-operation is that development partnerships work best where the aid regime devolves delivery systems, empowers local communities and put Africans in charge of their development efforts, with the development partners recognizing and supporting Africa's leadership and responsibility.<sup>49</sup> Furthermore, NEPAD also aims at the various partnership initiatives currently in place between Africa and the industrialized countries as well as between Africans and multilateral institutions, with a view to rationalizing them and ensuring that real benefits to Africa flow from them. The outcome is envisaged as partnerships which produce for Africa benefits related to a reduction in the transaction cost associated with dealing with many donors, and enhanced predictability of aid flows for more effective

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<sup>47</sup> Carceles, G, Fredriksen, B and Watt, P, "Can Africa Reach the International Targets for Human Development?" (2001) *World Bank*, Washington DC, 2-3. Nine quantitative goals were established for African countries at the 1998 Second Tokyo International Conference on African Development (TICAD II).

<sup>48</sup> NEPAD Doc, supra n 14, paras 186-187.

<sup>49</sup> World Bank, "Can Africa Claim the 21<sup>st</sup> Century," (2002) *World Bank*, Washington DC, Devarajan, S, Dollar, D R and Honlmgren, T (eds) "Aid and Reform in Africa: Lessons from Ten Case Studies," *World Bank*, Washington DC.

expenditure planning and the strengthening of local capacity to execute development projects.

NEPAD's focus on productive partnerships with donors is consistent with the views of internationally reputable and recognized commentators on African development problems. Indeed, some of those views seem to have had a significant influence on the framing of the NEPAD document. Jeffrey Sachs for example, has argued that the international donor community should focus on those countries whose governments have demonstrated that they are committed to taking the steps needed to achieve rapid growth. Those steps include having established, or making extensive progress towards establishing, a market oriented economy based on open trade and investment policies; the protection of property rights; supportive tax and expenditure policies; appropriate monetary, financial and exchange-rate policies; the control of corruption; and the explicit promotion of private sector activity, including the privatization of state-owned enterprises.<sup>50</sup>

*Domestic Ownership and Leadership:* No initiative for Africa's development however well crafted and internationally accepted, will be successful if it is not owned by Africans themselves. The lessons of the failure of past initiatives point to an experience which shows that Africans must lead Africa out of poverty, and that the most effective policies and programs are those based on domestic processes of consultation and decision-making. This conclusion has been further substantiated by published research showing a significant positive correlation between the ownership of policy reforms and development outcomes in Africa.<sup>51</sup> Domestic ownership generates political support and interest of relevant stakeholders who are much more likely to view the initiative as a worthy indigenous one rather than immediately dismissing it as a foreign imposition.

This emphasis on domestic ownership is another valued-added benefit of NEPAD, and a significant one that sets it apart from all previous plans and initiatives in support of Africa's development, although the development problems being addressed remain largely the same. Unlike past initiatives, which were primarily conceived and influenced from abroad, NEPAD is a product of indigenous efforts and further domesticates the emergence and presence of an enlightened political leadership offering African solutions to African problems. Moreover, Africa ownership signals African control of the projects, programmes, and processes, with African leaders openly and unequivocally accepting that they will play their part in the implementation. It cancels the charge of intellectual poverty in Africa and demonstrates to the international community that Africans can determine their own destiny within norms that are globally embraceable.

## **Conclusion**

NEPAD is bound to succeed for it represents perhaps the most significant initiative ever advocated for moving the African continent from crisis to renewal. Given that it is based on a set of internationally accepted core principles that are recognised as prerequisites for sustainable growth and development, it has a great potential for success if implemented by the majority of African states. Indeed, there is much riding on NEPAD. It holds considerable promise for economic, political, and social development in Africa. However, the consequences of its failure will be costly, and will undoubtedly return the continent to its marginalized status and prove the African pessimists right.

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<sup>50</sup> Koehn, P H, Ojo O J, *Making Aid Work: Innovative Approaches for Africa at the Turn of the Century*, Lanham University Press of America, 1999, 157-189.

<sup>51</sup> Gray, C and McPherson, M, "The Leadership Factor in African Policy Reform and Growth: Economic Development and Cultural Change," (2001) 707 cited in Kempe, "From Crisis to Renewal," 396.

Though NEPAD may be a plan “*of extraordinary vision and immense realism*”, as the Canadian Prime Minister, Jean Chretien, is reported to have said,<sup>52</sup> for it to succeed African leaders will need to put their houses in order.

If African leaders will passionately take up the joint responsibility of developing the capacity to sustain growth at a level required to achieve poverty reduction and sustainable development by developing positive home-grown economic plans through better anti-smuggling measures and strong manufacturing base;<sup>53</sup> placing increased emphasis on science, research and technological innovation and creating the kind of climate that will retain Africa’s technocrats; strengthening mechanism for conflict prevention, management and resolution; promoting and protecting democracy and human rights; ensuring good governance and fight against corruption;<sup>54</sup> ensuring more access to international market and less dependent on aid for several years of aid have not and will not solve Africa’s problems and aid by its very nature is political; restoring and maintaining macroeconomic stability; instituting transparent legal and regulatory framework for financial markets and auditing of private companies and the public sector; promoting the role of women in social and economic development; and making room for human security for the primary aim of development should be to ensure a better standard of living for present and future generation.<sup>55</sup>

Development is not merely about increasing the gross domestic product or the per capita income but a process of empowerment and self-reliance; a freedom from want, depreciation and marginalisation.<sup>56</sup>

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<sup>52</sup> UN Integrated Regional Information Networks, “Conflict Resolution, Good Governance Key to Development,” (2002) (<http://allafrica.com/stories/200204180599.html>) accessed 9/6/2004.

<sup>53</sup> Mistry, P S, “Africa’s Record of Regional Cooperation and Integration” (2000) 99, *Africa Affairs*, 554.

<sup>54</sup> Eighen, P, “Introducing the Global Corruption,” (2001) UN Report. Also in June 2000, the Nigeria Government enacted the Corrupt Practices and Other Related Offences Act 2000.

<sup>55</sup> Yaounde Decl supra n 4, para 2.

<sup>56</sup> Oloka-Onyange, J, “Human Rights and Sustainable Development in Contemporary Africa: A New Dawn or Retreating Horizons?” (2000) *Human Development Report*.