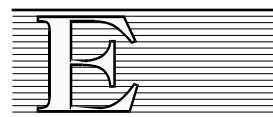




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ECONOMIC COMMISSION FOR AFRICA

Thirty-eighth session of the Commission/Conference
of African Ministers of Finance, Planning and
Economic Development

Abuja
14-15 May 2005

**MUTUAL REVIEW OF DEVELOPMENT EFFECTIVENESS
IN THE CONTEXT OF NEPAD - INTRODUCTION**

PROMISE AND PERFORMANCE: APPLYING MUTUAL ACCOUNTABILITY IN PRACTICE

Overview of the joint report submitted by ECA and OECD at the request of the NEPAD Heads of State and Government Implementation Committee, with OECD endorsement

CONTEXT

The notion of mutual accountability among development partners for their respective commitments, responsibilities and performance in pursuit of shared goals was first recognized in the Monterrey Consensus. The *Mutual Review of Development Effectiveness in the context of NEPAD* gives concrete expression to this notion. It was initiated by the NEPAD Heads of State and Government Implementation Committee (HSGIC) and developed by ECA and OECD jointly over the period 2002 – 2004. The inaugural *Mutual Review Report* is currently being finalized prior to publication in early summer 2005.

The *Mutual Review* serves as a consultation mechanism between Africa and OECD countries to assess and monitor progress in delivering on commitments and achieving goals. It involves a series of discussions at expert and political levels in various international fora based on key elements from several issue areas:

- Commitments that have been undertaken;
- Main messages;
- Action frontiers; and
- 2007 performance benchmarks, which will be monitored in the next *Mutual Review* process.

These elements are being refined and finalized in an iterative process integrating information, views and insights from a number of discussions taking place throughout the first few months of 2005:

- The Strategic Partnership with Africa Plenary in January 2005;
- Two *ad hoc* experts meetings: Paris, 14 February 2005 (OECD-DAC); Addis Ababa, 21-22 February 2005 (ECA);
- The OECD-DAC High Level Meeting in March 2005;
- The African Partnership Forum in April 2005; and
- A special session, with OECD member countries, of the ECA Conference of Ministers of Finance, Planning and Economic Development in mid-May 2005 in Abuja, Nigeria.

Following the ECA Conference of Ministers, the Report will be finalized and forwarded to the NEPAD HSGIC and the OECD Council.

Responsibility for the final report lies with the Executive Secretary of ECA and the Secretary General of OECD.

Mutual Accountability and the Promise of Africa

The relationship between Africa and its development partners is undergoing radical change. At the centre of this new relationship is the establishment by Africans of the African Union, the NEPAD initiative and the African Peer Review Mechanism. With these new foundations, and with the capacities available in the Economic Commission for Africa, the African Development Bank and the emerging active role of subregional bodies, Africans themselves are taking charge of defining, analysing and meeting the major challenges facing the continent. These issues range from governance, peace and security to economic and social modernization, to defeating pandemic diseases – and the roles that women play in all these contexts. The level of engagement and the quality of policy discussion among Africans has evolved enormously over the last few years in all these areas. The locus of intellectual work on African problems is in the process of shifting from international institutions and institutes to Africa. These are clear signs of genuinely African ownership of its political and economic development.

A significant reflection of this affirmation of intellectual and operational responsibility by Africans was the decision in 2003 by the NEPAD Heads of State and Government Implementation Committee to ask the Economic Commission for Africa and OECD to develop a mutual accountability process in which Africa and its OECD partners could track the implementation of their commitments to development progress in Africa. The NEPAD agreement to launch a biennial *Mutual Review of Development Effectiveness*, and the endorsement of this process by OECD, are important decisions, on both sides, to embed the new relationship in a concrete process of technical and political level interaction.

The *Mutual Review Report* presents a range of leading issues and related commitments undertaken by Africa and its OECD partners, along with relevant action agendas either underway or needed to better address these issues and meet the commitments. It does not seek to generate new commitments, but rather to track implementation of commitments already made (allowing that new commitments may emerge from various fora in 2005 and beyond). Thus, the focus is on “Action Frontiers” and on “2007 Performance Benchmarks” in seven major policy areas, each prefaced by a brief overview of commitments undertaken, the main issues, performance to-date and future challenges.¹ Agriculture has been chosen as a special focus area for the *2005 Mutual Review*.

The first *Mutual Review Report* [to be circulated to Commission/Conference participants in English and French] is intended to facilitate discussion and systematic tracking at both expert and political levels. It thus constitutes a compact working tool. It provides a reference guide for tracking action agendas and expected progress within the two-year *Mutual Review* time-frame (recognizing, of course, that almost all of these agendas are medium-and long-term in nature).

¹ The seven major policy areas covered in the report are: MDGs progress and prospects; African agricultural performance and trade issues; political and economic governance; capacity development; aid flows; aid quality; and policy coherence for African and OECD Governments. The *Mutual Review Report* is supported by seven corresponding analytical chapters prepared by ECA and OECD-DAC Secretariats to be published in a separate volume (taking account of comments received).

Following its presentation to the ECA Conference of Ministers of Finance, Planning and Economic Development and to AU/NEPAD and OECD governing bodies, the *Mutual Review Report* will be available to a wide range of actors, political and expert, state and non-state, African and non-African, whose involvement and work is essential to the implementation of Africa's political, security, economic and social agendas. While leadership from the top is key, initiative and engagement from many thousands of public organizations, private enterprises, civil society groups and individuals are what will accelerate the rate of progress across all levels and all geographical regions in Africa.

Mutual accountability has a central role to play at a time when the international community is actively discussing the concept of a large step increase in aid to Africa. For such an increase in aid to be even feasible, both donor and African systems for managing aid must reach a new level of performance. Unless large aid increases are delivered in a useable and predictable form, African Governments will be unable to build the expanded human and institutional capacities needed to successfully absorb them and use this springboard as the basis for higher and sustainable growth and the achievement of the Millennium Development Goals. And unless African public management systems are able to allocate, and to account for, these new financial resources according to nationally agreed priorities -- with visible impacts on the well-being and prospects of their citizens -- then neither their citizens nor the taxpayers of donor countries will provide the political support needed for the sustainability of large increases in aid. The *Paris Declaration on Aid Effectiveness*, adopted on 2 March 2005 by nearly 100 developing and donor countries and international development organisations, with a strong contribution from Africa, sets out the commitments of donor and partner countries to address the challenges of scaling up aid. These commitments and associated quantitative targets form part of the first *Mutual Review Report*.

Furthermore, the scaling-up agenda demands high performance on policy coherence issues, both on the African and the development partner side, with government-wide arrangements that work effectively to resolve inconsistent policies and generate synergies among policies. The private sector also has a key role to play in scaling up, as key actors in private-public partnerships for development programmes and service delivery, but also in transforming additional aid inflows into income, employment and public revenue.

From this perspective, two key concepts resonate through this *Mutual Review Report* – performance and accountability. Without accountability, development performance will not improve in Africa. Performance and accountability thus embody basic values to be projected by leaders and integrated into political and economic cultures. These two interrelated concepts also serve as guiding principles for building the capacity of African political and economic processes and institutions.

For African leaders, these are the values expressed in the AU/NEPAD founding statements – the dedication to development performance as the fundamental objective of their governments and the commitment to fostering capable States. For OECD leaders, performance means following up on commitments they have made across a range of policy areas. Accountability means being ready to assess performance with regard to these commitments and to consider the implications of OECD countries' policies for African development. These OECD commitments

are set out in the 2002 ministerial statement on “OECD Action for a Shared Development Agenda” and the simultaneous undertaking to cooperate closely with NEPAD

There is a wide consensus that Africa faces especially challenging development problems. Inadequate services in areas such as health and education, the heavy burden of HIV/AIDS and other diseases, aggravated by poverty, and poor conditions for growth and investment intensify the economic and social challenges. At the same time, there are many countries rich in natural resources, especially mineral resources. But in many of these countries, the democratically accountable governance systems and the peace and security needed to turn these resources into broad-based economic growth and human capital are not yet in place, with some notable exceptions. A significant portion of Africa’s wealth has been captured by powerful individuals and transferred abroad. Africa has also lost human capital as educated people unable to flourish in adverse political and economic conditions have moved to other regions of the world. Africa’s renaissance requires that financial capital flows into Africa, not out of Africa, and that Africa’s human capital is augmented, not drained.

The bold agendas laid out by African leaders in the AU/NEPAD founding statements are aimed at catalysing this African renaissance. These agendas cover many areas of action that need to be addressed simultaneously, by many actors. The mutual accountability process and the first *Mutual Review Report* show international commitment to these agendas and to the systematic monitoring of commitments in a constructive, evidence-based dialogue that will help to generate and maintain momentum in aligning promise and performance in Africa’s development partnerships.