

OECD and Africa

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THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD)

The OECD brings together 30 Member countries* which share a commitment to democratic government and the market economy. Its active relationships with non-Member economies, NGOs and civil society give the organisation a global reach. Best known for its publications and its statistics, its work covers economic and social issues from macroeconomics, to trade and investment, education, development and science and innovation.

The OECD produces internationally agreed legal instruments, decisions and recommendations to promote rules of the game in areas where multilateral agreement is necessary for individual countries to make progress in a globalised economy. Sharing the benefits of growth is crucially important, as shown in its activities such as sustainable development, territorial economy and aid.

The OECD plays a prominent role in fostering good governance in the public service and in corporate activity. It helps governments to ensure the responsiveness of key economic areas with sectoral monitoring. By deciphering emerging issues and identifying policies that work, it helps policy-makers adopt strategic orientations. It is well known for its individual country surveys and reviews.

Dialogue, consensus building and peer review are at the very heart of the organisation's work programme. Its governing body, the Council, is made up of representatives of all its Member countries. The Council provides guidance on the work of OECD committees and decides on the annual programme of work and budget. It is supported by a Secretariat, headed by the Secretary-General, Mr Angel Gurría.

The OECD conducts a wide range of policy dialogue and capacity building activities with non-Member economies (country programmes, regional approaches and Global Forums) to share best policy practices and to contribute to the policy debate among OECD Members and with non-Members. The OECD has working relationships with non-Members in Africa, Asia, Europe, Latin America and the Middle-East, giving it a global reach.

More information on the OECD's co-operation with African and other non-Members is available on the internet, at www.oecd.org/ccnm.

* The Commission of the European Communities takes part in the work of the OECD.

OECD AND AFRICA

IN SUPPORT OF AU/NEPAD'S OBJECTIVES

The OECD's relations with Africa have been strengthened since the launching of NEPAD and the contacts organised in May 2002 between the Ministers of OECD Member countries and their colleagues on the African Union/NEPAD Steering Committee. As a result of this dialogue, the OECD was entrusted with a mandate that calls for it to co-operate with AU/NEPAD. The OECD supports AU/NEPAD's objectives in four domains:

1. The African Peer Review Mechanism;
2. Peer learning and policy dialogue in support of reform;
3. Aid policies and aid effectiveness;
4. The monitoring of development trends and progress.

This brochure provides an overview of the OECD's activities in each of these areas.

In 2006, the OECD established a special unit to support, in close collaboration with AU/NEPAD, the work of the ***Africa Partnership Forum***. It also collaborates with the African Development Bank and the United Nations Economic Commission for Africa in the production of a valuable monitoring tool, the ***African Economic Outlook***.

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1. The African Peer Review Mechanism

- AU/NEPAD officials have seen the peer review methods used in the OECD as a major source of inspiration in preparing their own ***African Peer Review Mechanism (APRM)***, which is a major AU/NEPAD priority. Steps have been taken to share all the accumulated experience about best practices in OECD peer review methods:
 - ***An OECD publication, Peer Review: An OECD Tool for Co-operation and Change***, was widely distributed to African experts involved in the APRM;
 - A series of ***consultations*** was undertaken with AU/NEPAD, in particular the APRM secretariat set up within the former and with the APRM Panel (a Panel of Eminent Persons designated to manage the governance review processes under APRM). Discussions were held with the United Nations Economic Commission for Africa (ECA). In December 2004, a presentation was given to the African Evaluation Association Conference in Cape Town, at the invitation of the African Development Bank. A central element of the NEPAD-OECD Africa Investment Initiative (see chapter 2) has been the development of policy capacity building tools that help NEPAD countries improve the investment related content of Africa's peer review process and support implementation of investment climate reform policies.
 - The OECD's Development Co-operation Directorate (DCD) has established contact with the APRM Secretariat and has shared methodology and lessons learned from the OECD Development Assistance Committee (DAC) process. The Education Committee is assisting in the launch of a series of ***African peer reviews of education systems***.

2. Peer Learning and Policy Dialogue in Support of Reform

The OECD's working methods set it apart: Unlike other international organisations, it does not lend money, and technical assistance is not its core business. Its methods, based on evidence-based analysis, dialogue and co-operation between decision-makers, are designed **to generate consensus on policy reform orientations**. These methods, which the OECD Member countries have cultivated since its inception, have proven to be a useful adjunct to the assistance provided to the AU/NEPAD countries' reform efforts by other international organisations. The main thrust of OECD dialogue with Africa, and in particular with AU/NEPAD, is on the subjects dealt with below.

Enhanced Engagement with South Africa

- Reflecting **strong interest from Member countries to involve South Africa in OECD work**, South Africa was invited to participate in the *Emerging Market Economy Forum* since its inception in 1996 until its closure in 2000. Since then, it has participated actively in a variety of other OECD events open to non-Members in its region and in OECD Global Forums. South Africa has been invited on an *ad-hoc* basis to certain sessions of the Council at Ministerial level since 2001 and attended at each occasion except in 2003. It was invited to Special Dialogue sessions with non-Members in 1999 and 2000 and to the Global Dialogue meeting in 2005.
- The OECD Council, meeting at Ministerial level on 16 May 2007, agreed to invite the Secretary-General to strengthen OECD co-operation with South Africa, (as well as with Brazil, China, India and Indonesia) through **Enhanced Engagement programmes with a view to possible OECD Membership**. The Council will determine whether to open discussions on Membership in light of the willingness, preparedness and ability of these countries to adopt OECD practices, policies and standards. The OECD's External Relations Committee (ERC) has created informal Reflection Groups on each of the Enhanced Engagement partners to help develop strategies and work programmes.

Economic Assessment of South Africa

- The OECD's Economic Development Review Committee (EDRC) will undertake its first **Economic Assessment** of South Africa, scheduled for the second quarter of 2008. A South African government delegation will discuss the Secretariat's draft report on the South African economy with the EDRC Members, outside experts and representatives of other international institutions. The draft will then be revised for publication in June and will be presented at a follow-up seminar in South Africa. It will be published under the title *OECD Economic Surveys: Economic Assessment South Africa*, 2008. The report will have a chapter assessing the government's development strategy and two chapters dealing with policy areas seen by the Secretariat as key: labour market policy and product market regulation and competition policy.

Private Sector Development and the Creation of an Attractive Investment Environment

- A joint analytical report by AU/NEPAD and the APF Support Unit (see Chapter 4) on ***“Investment: Unlocking Africa’s Potential”***, prepared for the Africa Partnership Forum’s 8th meeting, in Berlin in May 2007, took stock of recent trends regarding African investment flows. Despite encouraging developments since 2000 in terms of the overall business climate, economic growth and foreign investment flows, the report identified ***three critical challenges to address***: improving economic governance and the regulatory environment, developing and deepening financial markets, and increasing investment in infrastructure – including at the regional and rural levels. The Support Unit prepared a follow-up progress report on investment for its APF’s 9th meeting in Algiers, Algeria in November 2007. The report monitored delivery of existing commitments that had been made by both African and OECD leaders and identified successes, bottlenecks and critical next steps necessary to spur investment in Africa. Both reports, as well as a related policy brief, are available on the APF website: www.africapartnershipforum.org.
- Under the auspices of the NEPAD-OECD Africa Investment Initiative a conference was organised in Addis Ababa in March 2005, entitled ***Alliances for Integrity – Business and Government Roles in Raising African Standards of Living***. The event was co-sponsored by the UN Global Compact and Transparency International. It gathered around 100 participants, including 76 representatives of African businesses, business associations, state-owned enterprises, NGOs, trade unions, national governments and regional organisations. In addition to raising awareness of emerging international, regional and national anti-corruption initiatives, the event provided African inputs into the OECD Investment Committee’s development of a risk management tool for investors in weak governance zones. This meeting was also part of the Committee’s follow-up on the UN Expert Panel’s references to the OECD Guidelines for Multinational Enterprises¹ in its reports on illegal exploitation of natural resources in the Democratic Republic of Congo.
- Also under the auspices of the NEPAD-OECD Africa Investment Initiative an ***Investment Policy Roundtable*** was held in Entebbe in May 2005, sponsored by the Government of Uganda. The Roundtable considered ways of relaxing or raising the transparency of regulatory obstacles to foreign direct investment in Africa and to enhance regional experiences with public-private partnership in utilities. In conjunction with this event, the ***OECD Task Force on the development of a Policy Framework for Investment*** (PFI)² held its first African regional consultation. Six African countries participated in the PFI Task Force.
- Following the successful results of the first two AU/NEPAD-OECD Africa Investment Initiative events, it was decided to reinforce the programme. The enhanced Initiative extensively uses the PFI to support African countries in developing their own roadmaps for reform, to monitor their implementation and to enhance their implementation capacities. The ***enhanced Initiative*** is structured in three phases, each about one year in length. Each phase is concluded by two Roundtable meetings designed to provide the markers needed to sustain the

1 A voluntary code of conduct for multinational enterprises, part of the OECD’s *Declaration on International Investment and Multinational Enterprises*.

2 A non-prescriptive checklist for governments wishing to mobilise private investment that supports steady economic growth and development.

momentum and continuity of the process of change in Africa's investment climates and investor perceptions.

- The first of these Roundtables was held in Brazzaville, Republic of Congo, on 12-13 December 2006: The **Roundtable on Mobilising Private Investment in Africa in Support of Development: Laying the Foundations for Sustained Progress** focused on how to make the most of the APRM process to identify local obstacles to mobilising investment. It provided an opportunity for African countries to consider the early experiences with APRM and the way in which the OECD can support NEPAD efforts in this area. The main outcomes were (i) the start of a promising dialogue between the APRM Secretariat, other NEPAD actors and reform-oriented countries striving for a more robust investment dimension in the APRM; and (ii) the first endeavours by African countries to use the PFI for self-evaluation.
- In follow-up to the Brazzaville Roundtable, the **2007 Roundtable** took place in Lusaka, Zambia on 27-28 November 2007. The Lusaka Roundtable brought together NEPAD and APRM principal actors and achieved its objectives: (i) the investment climate content of the APRM will be strengthened drawing inspiration from the PFI; the PFI Users' Toolkit received special attention; (ii) the Roundtable brought first-class experts on the water and sanitation sector and significantly advanced the OECD project on applying the OECD *Principles for Private Sector Participation in Infrastructure* to this sector.
- A **Steering Group** of the *Initiative* was inaugurated at the Lusaka Roundtable. The roles of the Steering Group are to provide strategic direction, oversee the work programme, mobilise political and financial support and assist in the dissemination of outputs of the *Initiative*. NEPAD Secretariat Executive Head chairs the Steering Group, with South Africa and Japan as Vice-chairs. Other Members include senior investment experts from NEPAD and OECD countries, the Regional Economic Communities, multilateral development organisations, the African Partnership Forum Support Unit, the donor community and the private sector.
- Future steps of the *Initiative* will include policy frameworks for infrastructure investment in support of regional integration, PFI-based peer investment policy reviews of pilot countries, and multi-stakeholder dialogue on doing business in weak governance zones based on the OECD Risk Awareness Tool. Uganda will host the 2008 High-level Annual Roundtable of the *Initiative*.
- **South Africa** has been involved in the development of several recent OECD investment policy tools. It was a Member of the Task Force that developed the PFI and also contributed through the consultation process to the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones. South Africa has been an *ad-hoc* observer in the Investment Committee since 2006, and is participating in the Investment Committee project on Freedom of Investment, National Security and "Strategic" Industries.
- An OECD Development Centre study on **FDI and regional competitiveness** in the Southern African Development Community (SADC), published in 2004, has been followed by further work on the developmental potential of South African outward FDI. Within the framework of the OECD Global Forum on Development, the Development Centre is also embarking on a series of events on public-private innovation in development finance. The first such event, a public-private

roundtable on “Banking on Development” was held in Geneva on 28-29 February 2008.

- The **MENA-OECD Investment Programme** (www.oecd.org/mena/investment) has conducted policy dialogue on private sector development and investment attraction through its regional Working Groups and its Steering Group with the North African countries including **Morocco, Tunisia, Algeria, Libya** and **Egypt** since 2005 when the Programme was launched officially. For instance, a **National Investment Reform Agenda** workshop was conducted in co-operation with the Ministry of Economic and General Affairs of Morocco to discuss investment climate reforms in Morocco in 2006.
- In July 2007, Egypt became the first Arab and first African country to sign the **OECD Declaration on International Investment and Multinational Enterprises**. An investment policy review of Egypt has been published.
- On 28 November 2007, the second **MENA-OECD Investment Programme Ministerial Meeting** was held in Cairo under the auspices and with the participation of H.E. Dr. Ahmed Nazif, Prime Minister of Egypt. Ministers and other high-level delegates from MENA and OECD countries attended the meeting to discuss progress in investment climate reform of the MENA countries. On the eve of the meeting, a **Business Forum**, including a **Women Business Forum** was conducted to provide input from business associations and private sector representatives. More than 1,000 participants from the MENA region and beyond took part in this two-day event.
- The **OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones** aims to help companies that invest in countries where governments are unwilling or unable to assume their responsibilities. In the next phase, business and stakeholders will work with the OECD to identify sources of practical experience in meeting the challenges the Tool addresses, notably in sub-Saharan Africa.
- Based on the **OECD Principles for Private Sector Participation in infrastructure**, the OECD helps to develop practical guidance for engaging the private sector in water and sanitation infrastructure. The practical guidance will be developed through reviews of some 30 developing and emerging country experiences (10 in Africa) and multi-stakeholder dialogues, notably regional roundtables.
- Through the work of the Development Assistance Committee (DAC), the OECD is supporting efforts by donors to promote private sector development in Africa and to increase the impact of economic growth on poverty reduction. Policy guidance for donors was published in 2006 on **promoting pro-poor growth**, focusing on the key areas of private sector development, agriculture and infrastructure. In addition, the DAC produced *Promoting Private Investment for Development: The Role of ODA* as a contribution to the OECD Initiative on Investment for Development (see www.oecd.org/dac/investment).
- Additional insights are provided by the forthcoming report on **Business for Development 2008: Trade and Aid in African Agriculture** (provisional subtitle) by the OECD's Development Centre (to be published in the second quarter of 2008). This study focuses, *inter alia*, on **promoting export diversification** and the role of **aid for trade in stimulating agro-based private sector development**. Five case studies have been undertaken in Africa to identify

donor interventions to foster private sector development in the agricultural and agribusiness sectors (Ghana, Mali, Senegal, Tanzania and Zambia). The early results of these case studies have been presented in international workshops such as UNCTAD and on the occasion of the OECD policy dialogue with non-Member economies on “**Aid for Trade: From Policy to Practice**” (Doha, 6-7 November 2006). The 2008 Business for Development publication could be used to contribute to the 4th Tokyo International Conference on African Development (TICAD IV), to be held in Yokohama on 28-30 May 2008.

- A joint analytical report by AU/NEPAD and the APF Support Unit (see Chapter 4) on “**Gender and Economic Empowerment of Women**”, submitted to the 8th meeting of the APF, held in May 2007, underlined the enormous unexploited potential that lies in the hands of African women. The report outlined priorities for empowering women – for example through expanded land and property rights, gender-sensitive economic governance, and more effective international support for gender equality and better access to investment and trade opportunities – to increase their contribution to faster growth, development and poverty reduction on the African continent. It also offered recommendations to both development partners and African governments, while taking note of key commitments that have already been made to gender equality. The full report, as well as a related policy brief, is available at: www.africapartnershipforum.org. The role of effective gender policies in boosting economic growth and poverty reduction in Africa will also be a theme for the 10th Meeting of the Africa Partnership Forum to be held in Tokyo, Japan, on 7-8 April 2008.
- **Entrepreneurship including women’s entrepreneurship, SME growth and local development:** A number of African states and AU/NEPAD are now participating in the **OECD Bologna Process**³, which has become the mechanism to share experience and best practices in this policy area. These countries were invited to participate in the Conference on SME Financing held in Brasilia in March 2006. The 2004-05 edition of the **African Economic Outlook** (chapter 4) focused on financing SMEs in Africa and how this might be improved.

Infrastructure Development

- Infrastructure development – critical for economic growth in Africa – is one of the core monitoring issues of the Africa Partnership Forum. The APF published a first monitoring report on infrastructure for its 7th Meeting in Moscow in October 2006, and recently released a follow-up report for its 9th Meeting in Algiers in November 2007. The reports assessed progress in developing and maintaining transport, energy, and water and sanitation infrastructure across the continent, and identified successes, bottlenecks and key next steps. The November 2007 report noted that there had been **significant progress, particularly in the development of road transport**, and that development partners had responded to improved African co-ordination at the national and regional levels with increased resources. Moreover, private operators’ intervention has also rebounded in all sectors. However, **the funding gap remains wide**: development assistance and private participation cover only 20% of the investment needs for transport and for water and sanitation, and only 30% of the needed investment in energy. **Challenges to project preparation remain significant, and progress on the ground continues to be uneven.** Many

3 The *OECD Bologna Process* is a mechanism to foster the entrepreneurial agenda and competitiveness of small and medium-sized enterprises at the global level. It brings together over 70 economies, including all APEC Members.

countries for example, are either affected or vulnerable to power crises, and climate change is only exacerbating this vulnerability. The 10th APF meeting in Tokyo, in April 2008, will further investigate the impact of climate change on the water and energy sectors. APF progress reports are available at: www.africapartnershipforum.org.

Trade Policies⁴

- In October 2004, the OECD held a Regional Forum in Maseru, Lesotho on **Trade in services, agriculture and trade facilitation**. Prior to this, in December 2003, a regional workshop had been held in Nairobi, Kenya covering **Tariffs, services and supply-side responses**. Discussions centred **around the scope for harnessing gains from trade for developing African countries** and the role of supply-side constraints in the realisation of those gains.
- **Much of the OECD's** analytical and policy-related work in the trade area has a developing-country focus. Recent and on-going analytical work of potential interest to AU/NEPAD countries includes:
 - special and differential treatment, including trade preferences;
 - trade in services;
 - non-tariff barriers;
 - the impact of trade liberalisation on government revenue;
 - trade facilitation;
 - trade and agriculture;
 - trade and the environment;
 - trade and structural adjustment, and
 - aid for trade.
- Some specific work and case studies on AU/NEPAD countries have been included in recent analytical work on **trade facilitation, trade in services in Africa, non-tariff barriers** of particular interest to developing countries, **trade and structural adjustment**, and linkages between trade policy and foreign direct investment in the **agro-food sector**.
- A Regional workshop on cross-cutting issues in **agricultural, trade and rural development** took place in Saly, Senegal on 3-4 October 2006.
- A progress report on "Africa and International Trade" – presented to the 9th meeting of the Africa Partnership Forum in Algiers, in Algeria (November 2007) – noted that whereas African exports had risen since 2000 and that progress had been made in developing non-traditional exports, much of the growth has been due to the boom of oil and commodity prices and that **Africa's share of world trade remains too low to sustain the levels of economic growth needed to reduce poverty**. The report examined successes and bottlenecks, monitored delivery of commitments made and offered recommendations for critical next steps for both African governments and international development partners. The report is available at: www.africapartnershipforum.org.
- The Sahel and West Africa Club (SWAC) undertook a regional initiative on "**The Future of Livestock in the Sahel and West Africa: Potentials and Challenges for Strengthening the Regional Market**". This initiative is carried out under the auspices of the Economic Community of West African States (ECOWAS) and in partnership with the Permanent Interstate Committee for Drought Control in the Sahel (CILSS), the West African Economic and Monetary Union (WAEMU) and the network of West African farmers' organisations, ROPPA⁵. Aimed at capitalising on opportunities in the region, its insertion within the increasingly liberal global market poses a major challenge. **Six policy notes** for the attention

⁴ See also the section on aid for trade in chapter 3.

⁵ Réseau des Organisations Paysannes et des Producteurs Agricoles de l'Afrique de l'Ouest.

of West African decision-makers have been prepared and can be downloaded at: www.oecd.org/sah/livestock.

- Within the framework of the ECOWAS Common Agricultural Policy (ECOWAP) and the Comprehensive African Agriculture Development Programme (CAADP/NEPAD), the SWAC is undertaking a regional consultation process that will serve as basis for the drafting of a **Regional Agricultural Investment Programme** (RAIP) for two sub-programmes: (i) Improved Management of Shared Natural Resources, and (ii) Prevention and Management of Food Crises and other Natural Disasters.
- Within the framework of the **Atlas on Regional Integration in West Africa** (www.atlas-westafrica.org), a joint ECOWAS/SWAC initiative, the SWAC has produced a **chapter on cotton**. Today, no single West African country plays a major role in the international cotton trade. Yet, considered as one regional entity, West Africa is the third largest exporter in the world. Moreover, the West African cotton growing zones are mostly cross-border basins, where agricultural and agro-industrial development should also stimulate a regional co-operation process.
- Outcomes of the SWAC's regional consultations on African cotton and international negotiations on cotton are also published within the OECD Development Dimension series, "**Cotton in West Africa – The Economic and Social Stakes**", a joint SWAC/DCD publication.
- Within the framework of the *Atlas on Regional Integration in West Africa*, the SWAC has also produced chapters on **oil and gas, coffee and cocoa**. This regional analysis confirms that the West African region, and more globally sub-Saharan Africa, has an important potential on the international market.
- More information on trade and development is available on the Internet, at www.oecd.org/trade.

Agriculture Policy Reform

- A 2007 monitoring report by the APF Support Unit (see Chapter 4) produced for the 9th APF meeting in Algiers, Algeria found that, although the performance of the African agricultural sector has improved – with a doubling in growth between 2002 and 2004 – progress was still wanting. African agricultural production has to increase by at least **4 to 6 per cent per annum** to meet the food needs of Africa's growing population through to 2020. Achieving this goal will require: (i) higher levels of investment, (ii) increased productivity –supported by enhanced fertiliser use – to improve crop yields, (iii) a breakthrough in multilateral trade negotiations on the elimination of both domestic and export subsidies, and (iv) enhanced infrastructure to improve roads, reduce transport costs and improve access to markets. The report is available at: www.africapartnershipforum.org. The upcoming 10th meeting of the APF in Tokyo, Japan in April 2008 will specifically examine the impacts of climate change on the agricultural sector in Africa.
- **Support for African Agriculture Project:** From 2005 to 2007, in order to help African governments to improve the design of their agricultural and poverty reduction policies, the French Ministry of Foreign Affairs, the International Fund for Agricultural development (IFAD) and the OECD have carried out the joint *Support for African Agriculture Project (SAAP)*. Pilot studies combining analysis

with capacity building and policy dialogue have been completed for **Cameroon, Ghana** and **Mali** in close co-operation with the national Ministries of Agriculture. Findings from these three case studies highlight that until the 1980s agriculture has not merely been neglected, it has been penalised. Poor economic policy choices created an unfavourable macroeconomic environment, exports were heavily taxed, public investment in the sector – whether by governments or by donors – was too low. However, Ghana's agriculture hit bottom in 1983, Mali's in 1985 and Cameroon in 1994. Since these respective low points, growth in food output has stayed well ahead of population growth: just less than 4% in Cameroon, near 6% in Ghana and over 4% in Mali. Production of the main export crops in Ghana (cocoa) and in Mali (cotton) grew even faster than food crop production – over 6% in both cases. Poverty has declined in all three pilot countries, but it is not clear how much of that was due to agricultural growth and how much was due to other factors. The sharpest reductions in poverty rates were in urban not rural areas.

- **The Global Forum on Agriculture.** The Global Forum meeting, held in Rome in November 2007, was jointly organised by OECD, IFAD, FAO and the World Bank and hosted by the Italian Ministry of Economy and Finance. It gathered some 98 participants from the public and the private sectors. The Forum addressed specific questions to African agricultural development with the aim of identifying some specific areas where cooperative efforts could help to achieve common development goals. The World Bank's just released *2008 World Development Report* and the analytical work of the *Support for African Agriculture Project* mentioned above, provided key inputs for discussion. In African countries aid as well as public investments in agriculture has declined, in particular on R&D and the quality of existing spending is often poor. Participants agreed that **high-value, labour-intensive products for external, regional and domestic markets offer strong growth opportunities**. The need for technical and institutional innovations was also highlighted. But major challenges persist in the form of constraints on growth, such as: OECD country trade policies, poor rural investment climate; limitations to pro-poor growth and implementation bottlenecks (weaknesses in governance, underinvestment in core public goods). Details on the initiative can be found at the website www.oecd.org/agr/ete.
- **Planned project.** After years of neglect in terms of government investment and development aid, agriculture is back on the agenda. National governments are committed to increasing the budgetary expenditures on agriculture while the entire OECD donors community has signed on to a strategy that sees **agriculture as the heart of pro-poor growth** (OECD 2006, *Promoting Pro-Poor Growth: Agriculture*). At the same time, good policy decisions depend, first and foremost, on accurate information and analysis. In this context, it is planned that the Trade and Agriculture Directorate of OECD will carry out, in close co-operation with the FAO, **a project capable of supporting African governments in their efforts to improve their agricultural policies**. The new project will simultaneously develop three key elements: (i) a methodology for the monitoring of agricultural sector, (ii) buy-in and partnerships with African partners, international organisations and contributing consultants; and (iii) funding mechanisms (both IFAD and the Gates Foundation have indicated interest in funding this work).
- **South Africa:** An OECD review of **South Africa's agricultural policies** has been completed and this country is now part of the regular monitoring of selected non-Members, along with Brazil, China, India, Russia, Ukraine and, starting

in 2008, Chile. South Africa has indicated its interest in observer status to the Committee for Agriculture and its application is expected in due course.

Financial Markets

- Work of the OECD Development Centre on financial markets has sought to address the following questions: How can the risks associated with investment in Africa be reduced? What measures could be implemented to reduce financing costs in African economies? How can African economies be assured of stable and durable resources? Do South Africa's capital markets have the potential to play the role of "financial hub" for its neighbouring countries, if not for the African continent as a whole? Building on an experts' meeting held at the Bond Exchange of South Africa (Johannesburg) in March 2004, results of this work were published in December 2005 as a Policy Study under the title **"Reducing Capital Cost in Southern Africa"**. The appropriate financing instruments to mitigate risks will be discussed further within the framework of the OECD Global Forum on Development, beginning with the Public-Private Roundtable on "Banking on Development" held in Geneva on 28-29 February 2008.
- The first **Roundtable on Private Pensions in South Africa** was organised in Cape Town on 23-24 February 2006, co-sponsored by the South African authorities (Treasury and Financial Services Board) and the government of Japan. Officials from neighbouring countries (Namibia, Zambia, Kenya and Nigeria) also participated. In June 2006, South Africa applied for observership in the Working Party on Private Pensions. This request will be considered at the next meeting of the Working Party on 11 December 2006.

African Public Debt Management and Government Securities Markets

- The project on **African Public Debt Management and Government Securities Markets** benefits a range of African countries, including those in North Africa. OECD governments, investors and financial intermediaries also stand to gain from African progress in this policy area.
- The project's main objective is to develop a **policy dialogue** with, and among, African debt managers, central bankers, and other financial officials involved in public debt management and government bond markets. Through the policy dialogue, the capacity of African policy makers to prepare and execute sound debt management strategies and develop local-currency bond markets is enhanced significantly. Moreover, African debt managers and policy makers get efficient and well-structured access to the worldwide knowledge network of debt managers. Becoming part of that network will add value in supporting sound public debt management practices in Africa.
- OECD will also conduct a **cross-country study** based on a survey of African debt management practices and of the stage of development of local debt markets, and set up a network of academic experts who focus their research on African public debt management and government securities markets.
- The project has **enhanced awareness of public debt management** and government bond markets in Africa across multiple audiences. Within Africa, policy makers have gained a greater understanding of sound practices in modern and professional public debt management, their implementation, and the development of robust local-currency government bond markets. These activities

- At the same time, the project has **enhanced awareness of advances in Africa** among policymakers, investors, and others outside the continent. Emerging markets are an increasingly important asset class for investors from the OECD area. As local-currency government bond markets in Africa gain strength in terms of liquidity, maturity structure, transparency, operational efficiency, and regulatory safeguards, they become more attractive as a destination for long-term investment by a wider range of categories of investors. African governments stand to benefit from this development, as it should lead to broader and more reliable sources of market-based funding for the public investment that is needed to grow their economies, reduce poverty, and make progress on the Millennium Development Goals.
- The annual **OECD Forum on African Public Debt Management** has been held twice, in December 2006 and December 2007. Consistent with its purpose of acquainting senior debt managers and other financial officials involved in public debt management and government bond markets in African countries with OECD best practices, the forum focuses on specific problems, issues, and debt management policies of particular relevance to African countries.
- In addition, the first **OECD Regional Workshop on African Debt Management and Bond Markets** was held in Johannesburg, in April 2007. The initiative for the workshop came from the regional participants themselves and was organised by the OECD jointly with the National Treasury of South Africa and the Bond Exchange of South Africa (BESA). The workshop complements the annual OECD Forum on African Public Debt Management. Whereas the forum focuses on strategic policy issues, the emphasis of the workshop is on operational and technical aspects of interacting with and developing markets. Preparations for the second regional workshop, to be held during the first half of 2008, are currently under way.
- Working relationships have been established and are being maintained with various **international organisations** such as the IMF, World Bank, Commonwealth Secretariat, UNCTAD, and the UN Institute for Training and Research (UNITAR); regional institutions such as the African Development Bank, Pole-Dette, NEPAD, the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), and SADC; and other agencies, such as Crown Agents and Debt Relief International. In this way, the project acts as a platform for implicitly co-ordinating the different and complementary activities of the various agencies in the area of public debt management and government bond markets.

Development Finance

- The Africa Partnership Forum has produced several innovative reports on development financing within the framework of its bi-annual meetings. The reports have monitored performance in different key finance areas: domestic revenue efforts, debt relief, aid effectiveness and private capital flows, with the latter examining both direct and portfolio resource flows to Africa and remittances. They conclude that, although total aid flows by OECD-DAC members have sharply risen since the Monterrey Consensus was adopted in 2005 – and reinforced by the 2005 G8 commitments at Gleneagles – *debt relief, emergency assistance and other special-purpose grants have accounted for a large share of this increase*. However, ***aid is only part of the story: non-aid flows, including domestic revenue, are becoming increasingly more important***. Foreign direct investment has grown four-fold in the past decade, reaching an average of US\$18 billion in each of the last three years. Today, sub-Saharan Africa attracts almost as much FDI, as a share of GDP, as other developing regions. In addition to foreign financing, increasing domestic revenue generation and savings in African countries is also necessary to sustainably reduce poverty. Since the early 2000s, countries on the continent have managed to raise government revenue by the equivalent of 5% of GDP, and as a result, domestic revenue has more than doubled in the last five years and, in volume terms, is almost six times as large as ODA. However, one-fourth of African countries still mobilise less than 15% of their GDP in tax revenues. The related APF reports are available at: www.africapartnershipforum.org.

Taxation

- Taxation plays a key role in helping African countries ***to meet their Millennium Development Goal commitments***. African governments look to tax: (i) to finance their social and physical infrastructural needs; (ii) to provide a stable and predictable fiscal environment to promote pro-growth activities; and (iii) to ensure that the costs and benefits of development are fairly shared.
- More generally taxation plays a key role in ensuring ***good governance by promoting the relationship between government and citizens*** and ensuring the former are ***accountable*** to the latter. The OECD through a partnership between its Centre for Tax Policy and Administration (CTPA) and DAC's GOVNET is actively working on this issue. The partnership between the OECD's Committee for Fiscal Affairs (CFA) and African governments is intended to help governments in the region develop and implement tax policies that will achieve sustainable development.

In particular the CTPA's work with Africa includes:

- The OECD's multilateral, demand-driven co-operation on taxation with (i) Southern Africa, (ii) East and Central Africa and (iii) North Africa has a solid basis in its current work programme. Since 2005, its policy dialogue aimed at increased capacity development in all three regions has been focused on the following subjects:
 - The implementation of ***Transfer Pricing regimes*** which are ***fundamental*** to ensuring that connected party transactions entered into by multinationals are fairly taxed and that profits are not simply siphoned from vulnerable African economies to tax havens;

- **Tax Treaty work** ensures that cross-border activities are not subject to double taxation in the source and residence countries and that they do not escape taxation. They provide a transparent means of dividing the tax charge and therefore encourage investment by providing certainty of tax treatment for business. Dialogue in these areas is aimed at enabling African countries to protect their tax base and ensure that double taxation is not a deterrent to FDI;
 - **Tax expenditure budgeting.** This enables the countries in the region to reform their current systems (and may form part of a regional model within the developing SADC tax memorandum);
 - **Consumption taxes.** This is an important issue for the region given the decline in excise taxes and tariffs. It is geared to developing a strategic approach for the region;
 - **Capital Flight:** African countries are increasingly experiencing capital flight to tax havens and the related challenge of counteracting international tax avoidance and evasion has taken on a new dimension with the globalisation of financial markets. Many African countries would like to see a set of general rules established for fair tax competition on the continent. It is in this context that African countries have begun to participate in the OECD's work. to improve transparency and engage in effective exchange of information for tax purposes. A successful event on the exchange of information in South Africa in 2006 will be followed up in 2008. Work on **Exchange of Information** enables tax authorities to improve the efficiency and effectiveness of the process;
 - **Auditing Multinational Enterprises** events focus on the international tax aspects that government tax auditors should take into account when considering multinational accounts. Apart from transfer pricing and tax treaty aspects of interest to auditors, they also consider issues such as thin capitalisation and how to profit shifting by means of loans.
- In 2008 the OECD Secretariat expect much of this work to be developed more systematically through a **Southern African International Tax Centre** under the auspices of the South African Revenue Service but with the OECD, the National Treasury, the IMF, the World Customs Organization (WCO), the South African Tax Institute (SATI) and interested donors as partners. This will promote capacity development for countries in Southern and Central Africa, and elsewhere, but will also go beyond mere capacity development to work on issues relating to **tax and governance in Africa**. This will reinforce the DAC's work on tax and accountability and develop a resource of good practices in African tax implementation. The Centre will start the process of developing diagnostic tools in the direct taxes area, working in particular with the WCO, who have completed a similar exercise in the Customs area. It will take into account both administrative effectiveness and the broader governance and accountability themes to enable countries to benchmark the performance of their own administrations.
 - A **major conference on the theme of tax and governance** to be attended by African Tax Commissioners will take place in South Africa in the second quarter of 2008 to examine the possibilities for tax and governance work in the African context and begin an initial process of experience sharing which will lie at the core of the Centre's operations.

- In addition, the CTPA has a programme for East Africa (Kenya, Uganda, Tanzania and Rwanda). Events have been held on **auditing multinational enterprises** in Kenya in 2005, on **tax incentives** in Uganda in 2006, on **tax treaties** in 2007 and a further event, probably on **transfer pricing**, will be held in 2008. These events enable countries to exchange views on the development and implementation of policies which ensure that multinationals pay their proper share of taxes.
- With regard to North Africa, a high-level conference for African francophone countries was held in Canada in 2005. It addressed **introducing and implementing transfer pricing provisions** within the domestic legislation of the interested countries. A multilateral event on **auditing multinational enterprises** was held in Egypt in 2006; followed by events on **auditing small and medium-sized enterprises** and on **tax treaties** in 2007. Additional events for 2008 are due to be held in the new Egyptian Financial Training Centre which was inaugurated in late 2007 and will serve as the base for the dissemination of tax work within the Middle East and North African programme.
- The OECD Development Centre has begun examining **the role of local think tanks in improving fiscal policy** in developing countries. On 23 April 2008, as part of the OECD Global Forum on Development, a multi-stakeholder workshop will discuss how official donors and foundations can best work together to support think tanks in this area.

Public Governance

- The OECD provided advice and assistance to the South African Treasury in establishing the **Collaborative African Budget Reform Initiative (CABRI)**. Inspired by and modelled on the OECD Senior Budget Officials (SBO) network, CABRI is a regional network of budget directors from Africa. CABRI will be formally launched as an international legal body in 2008. All African states are eligible to accede to the international agreement. They meet annually to promote transparent and comprehensive budgets and to exchange ideas and best practices. Following its formal launch meeting in Pretoria, South Africa in 2004, subsequent meetings have been held in Maputo, Mozambique (2005), Addis Ababa, Ethiopia (2006), and Accra, Ghana (2007). CABRI is an Africa-wide initiative with 24 countries currently participating in the network: Botswana, Burkina Faso, Congo, Egypt, Ethiopia, Ghana, Guinea Bissau, Guinea, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritius, Mozambique, Namibia, Rwanda, Senegal, Sierra Leone, South Africa, Uganda, Zimbabwe, and Rwanda. The OECD continues to support and participate in the network.
- Since 2005, the **OECD-MENA Governance Programme** has created an active network of policy makers from North African and OECD countries facilitating policy dialogue, peer learning and capacity building. The Programme has supported the development and implementation of time-bound action plans in North African countries that provide the OECD with a framework for targeted capacity building and peer learning activities. Among its recent activities supported by the OECD in response to specific requests from North African countries are a Joint Learning Study on Integrity in Public Procurement in Morocco, and a peer learning seminar in Tunis in the context of the national consultation process for the modernisation of the civil service. The Programme also supports North African countries in establishing regional training and expertise centres that promote regional policy dialogue, capacity building and

knowledge sharing, as well as providing consulting services and technical assistance to public administrations throughout the region. Three centres in North Africa are in their final stages of planning and will begin work in the course of 2008: The Regional Centre for the Evaluation of Public Policies in Rabat, the Regional Centre of Expertise on Regulatory Quality in Tunis and the Regional Tax and Financial Management Centre in Cairo. High-level participants from 11 Middle East and North African Countries and 24 OECD Member countries met at the third Steering Group Meeting at Ministerial Level on 29 November 2007 in Cairo to endorse the Programme's future strategic directions. Among them, the OECD secretariat was mandated to develop an adequate system of governance indicators by 2010 to benchmark progress in governance reform in the region.

- The OECD is working on the **Joint Venture on Procurement** which is aimed at enhancing integrity in public procurement. In addition, OECD provided advice on strengthening the integrity framework for the public service in South Africa, specifically in the development of the new Code of Conduct.

Territorial Development

- In the field of regional development policies, **Morocco** has been the first OECD non-Member countries to become an **Observer at the Territorial Development Policy Committee** in 2004. Morocco has actively participated in meetings and conferences and engaged the OECD as a partner in the "International Conference on Territorial Development" (Rabat, April 2006), and the "National Forum on Local Governments" (Agadir, December 2006). There is ongoing discussion with the Ministry of Territorial Development to undertake an **OECD Territorial Review of Tangier**.
- The OECD's Public Governance and Territorial Development Directorate (GOV) is currently undertaking an **OECD Territorial Review of the Metropolitan Area of Cape Town** upon the request of the Provincial Government of Western Cape – South Africa (Office of the Premier). The review is conducted within the programme of work on regional and urban development managed by GOV and will belong to the series of OECD reviews on metropolitan regions. As with other metropolitan reviews, the study on Cape Town will analyse: (i) the region's socio-economic trends and challenges; (ii) policy strategies for competitiveness; (iii) governance, including institutional and fiscal issues, as well as private sector and civil society partnerships. The final report will be presented in June 2008. There are ongoing discussions with the national authorities (specifically the National Treasury and the Presidency) to undertake an **OECD Territorial Review of South Africa**. The central government of South Africa is concerned with developing a new regional development policy approach to create new special opportunities while eroding past inequalities. Finally, since the role of the city – regions as motors of national growth is highly debated in South Africa, interest was raised around the potential undertaking of an **OECD Review of Johannesburg** once that of Cape Town has been finalised.

Statistics: PARIS21

- As part of a world-wide programme, PARIS21⁶ focuses its efforts in Africa primarily on the assistance to countries aiming to design, implement, and monitor

6 *Partnership in Statistics for Development in the 21st Century*. The PARIS21 Consortium is a partnership of policymakers, analysts, and statisticians from around the world. Its goal is to develop a culture of evidence-based policy making and implementation which serves to improve

National Strategies for the Development of Statistics (NSDS). PARIS21's support to NSDS processes is increasingly focusing on country-based activities and includes various components such as the promotion of partnership, the mobilisation of technical and financial resources, and on-demand advisory services to countries.

- Recently, **strong links** have been developed with regional institutions (AfDB, ECA, AU and the African Capacity Building Foundation – ACBF), international institutions (World Bank, IMF, Eurostat, UN system) and their regional representations and programmes, sub regional institutions (Afristat, the Economic and Monetary Community of Central Africa – CEMAC, SADC and ECOWAS) and bilateral partners. The ECA, AfDB, World Bank, and PARIS21 co-organised the first, second, and third Forums on African Statistical Development (FASDEV) in Addis Ababa in May 2004, February 2006, and January 2008 respectively, **to share information and envision a collaboration mechanism** to support African countries' statistical development.
- Under the aegis of FASDEV, these same partners sponsored a **“Reference Regional Strategy Framework for Statistical Development in Africa”**. PARIS21 presented its light reporting exercise, outlining partner support to all Sub-Saharan countries in the field of statistical capacity building. A new iteration of this reporting exercise — now dubbed Partner Reporting on Support to Statistics (PRESS) — has been refined by an inter-agency task team and is currently being launched. Preparations for the fourth FASDEV meeting are underway and regular video conferences with key partners to monitor NSDS progress will be organised.
- In 2008, PARIS21 will also partner with international institutions, regional organisations, and bilateral donors in a **scaling-up of investment to national statistical systems**. This will involve applying a **system-wide approach**, drawing lessons from the sector-wide approaches (SWAps) used successfully in areas such as health, education, and agriculture. In general, applying a system-wide approach to statistics involves using the NSDS as a framework for co-ordination both across sectors and between donors. The aim is to make donor assistance coherent and to reduce transaction costs by setting out the objectives and results to be achieved and by establishing common mechanisms for implementation, monitoring progress, and reporting.

Global Project on Measuring the Progress of Societies

- Around the world, societies are increasingly concerned with their quality of life. A consensus is growing on the need to develop a more comprehensive view of progress – one that takes into account social, environmental and economic concerns – rather than focusing mainly on indicators such as GDP. The OECD's proposed **Global Project on Measuring the Progress of Societies** aims to catalyse a **global conversation about what progress means** and to tackle one of the most important issues of our time: how to improve the nexus between evidence, decision making and public discourse. The Project is not about statistics *per se*, it is about improving the functioning of democratic dialogue in the information age, through the empowerment of individual citizens and the reduction of information asymmetries.

- The project is global in scope. In January 2007, the OECD and PARIS21 organised a **one-day conference in Rwanda** to discuss the project with 37 African countries who endorsed its importance for Africa. Following on from this – in June 2007 – some 30 African countries, together with some pan-African organisations, were among the 130 nations present in Istanbul for the OECD's **second World Forum on statistics, knowledge and policy**, a conference that discussed **"Measuring and Fostering the Progress of Societies"**.
Mission Statement: The *Global Project on Measuring the Progress of Societies* exists to foster the development of sets of key economic, social and environmental indicators to provide a comprehensive picture of how the well-being of a society is evolving. It also seeks to encourage the use of indicator sets to inform and promote evidence-based decision-making, within and across the public, private and citizen sectors. The project is open to all sectors of society, building both on good practice and innovative research work.
- A regional working group for Africa is being set up to take this work forward, and it will be co-ordinated by the OECD, the African Development Bank and ECA. A major conference, on **"Measuring and Fostering the Progress of African Societies"** will be run in Tunis in November 2008 by the African Development Bank. It will bring together leading thinkers, policy-makers and statisticians to explore what "progress" – in a broad sense – means for Africa and what information is needed to better assess progress and regress from an African point of view in diverse fields such as social capital and poverty.
- More information can be found on www.oecd.org/oecdworldforum.

Anti-Corruption

- The OECD is developing a joint **Anti-Bribery and Business Integrity Initiative for Africa** with the African Development Bank. To help improve the business environment in African countries, the Initiative is meant to support interested African countries in strengthening their frameworks and practices to curb bribery of African public officials in business transactions. It would work in partnership with other international organisations and key players in the region. The Initiative would focus on policy dialogue between different stakeholders (i.e. governments, civil society, private sector, international donor community) and provide for a mechanism to assess progress. This would be done with reference to the international instruments, primarily the *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* and the *UN Convention Against Corruption*.
- The work programme for 2008 includes a **review of business integrity measures and anti-bribery policies** in selected African countries for the purpose of assisting African countries in identifying and implementing reform priorities at both regional and country levels.
- In June 2007, **South Africa ratified the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions** (OECD Anti-Bribery Convention) and became a Member of the OECD Working Group on Bribery. South Africa is the first African country to join the OECD Anti-Bribery Convention, and will enrich the Working Group with its unique perspective on corruption issues. Its Membership should also help it advance regional anti-corruption efforts through its critical leadership role. As a Member of the Working Group, South Africa will participate in the Group's rigorous peer-review programme for monitoring implementation of the Convention. South Africa's

Phase 1 examination, which will assess the compliance of its implementing legislation with the OECD Anti-Bribery Convention, will take place in 2008. The Phase 2 examination, which will assess its enforcement of the Convention and includes an on-site visit, will take place in 2009.

Corporate Governance Reform

- The OECD has commenced a project with selected countries in Southern Africa to foster improvement in the **corporate governance of state-owned enterprises**, drawing upon the recently adopted *OECD Guidelines on Corporate Governance of State-Owned Enterprises* (SOEs). The work programme will be based on SOE case studies and surveys of country practice. The case studies will identify examples of good practice. Sub-regional workshops will be used to identify priorities for reform and to elaborate proposals on how to improve the corporate governance of SOEs in the sub-region.
- The case studies and workshops will draw on relevant work or studies performed by other organisations and based on the Guidelines, (e.g. World Bank reviews of SOE governance). Participants in the policy dialogue will be government institutions involved in policy development and SOE oversight.
- OECD has worked closely to date with South African based institutions, including the Development Bank of Southern Africa, and relevant South African Government ministries. South Africa is also an ad-hoc observer to the OECD Working Group on Corporate Governance and Privatisation of State-Owned Assets.
- The OECD is also collaborating closely with regional and international institutions concerned with supporting African efforts to develop better corporate governance in both the private sector and SOEs including the Global Corporate Governance Forum, the World Bank, the International Finance Corporation (IFC), and AU/NEPAD.
- AU/NEPAD has endorsed the **OECD Principles of Corporate Governance**.

Competition Law and Policy

- Co-operation takes place through policy dialogue and comprehensive capacity building activities. The annual **OECD Global Forum on Competition** has been attended by a number of African countries in recent years, including South Africa, Zambia, Kenya, Gabon, Egypt, Tunisia and Morocco, as well as representatives of the Common Market of Eastern and Southern Africa (COMESA) and the West-African Economic and Monetary Union (WAEMU).
- South Africa is an **observer at the OECD's Competition Committee**, and was peer reviewed (in the Global Forum) in February 2003.
- A three-day **workshop on litigation skills** was held in South Africa for the staff of the South African Competition Commission in November 2006. A **workshop on tools for an effective competition policy** was organised for francophone North African countries in November 2007 and was attended by officials from the competition authorities of Tunisia, Morocco and Mauritania.

Educational Policies

- South Africa was an observer at the June 2006 meeting of OECD Education Ministers in Athens and has requested a **review of its education policy** to be published in late 2008. The review is mainly financed by the South African government with a contribution from the Flemish Community of Belgium.
- In co-operation with UNESCO's International Institute for Educational Planning, the OECD is assisting the **Association for the Development of Education in Africa (ADEA)** to launch a series of **peer reviews** of the educational system of sub-Saharan countries. This process began in 2005 with the review of two countries (Mauritius and Gabon). A **review of Nigeria's educational system** is planned for 2008 but EDU participation will depend on obtaining adequate funding.
- The OECD is carrying out an activity on **recognition of non-formal and informal learning** that will terminate at the end of 2008 with the publication of a final international synthesis report and a dissemination conference, likely to be held in Canada. It aims at identifying the best possible institutional and technical arrangements for making skills, knowledge and competences visible. **South Africa** is among the 23 countries actively involved in the activity. A review visit took place in February 2008. The rationale and all the documents will be posted on the Education Directorate's website (www.oecd.org/edu/recognition) as they become available.
- The OECD launched its **Programme for International Student Assessment (PISA)** in 1997 with the objective of developing regular, reliable and policy relevant indicators on student achievement. **Tunisia** successfully completed the PISA 2003 and 2006 programme cycles and is currently participating in PISA 2009.
- Membership in the **Programme on Institutional Management in Higher Education (IMHE)** is open to eligible African bodies. Currently, one South African institution and one Ethiopian institution participate in the IMHE work programme.
- Furthermore, the OECD's Directorate for Education has carried out a pilot study with the World Bank on Ethiopia to estimate the prevalence of **children with disabilities** aged two to nine. The information will be used for education planning to meet *Education for All* (EFA)⁷ goals. Subsequently, this work will be extended to other African countries. Reviews have also been completed of special education provisions in **Gabon** and **Mauritius**. The activity began in 2006 to gather prevalence data on students with disabilities in **Ethiopia**. These data will serve as a basis for the development of education and health services for children with disabilities as progress towards achieving universal primary education, as agreed in the Millennium Development Goals and EFA. Involvement with the World Bank will ensure funds and mainstreaming of research outcomes into education and health sector development plans funded by the World Bank. A report on the pilot study on prevalence statistics on children with disabilities in Ethiopia is planned for the third quarter of 2008.

⁷ A global commitment to provide quality basic education for all children, youth and adults. The movement was launched at the World Conference on Education for All, held in Jomtien, Thailand, in March 1990.

International Migration

- For many years, the OECD has monitored **migration movements** between OECD and non-OECD Members and **trends in migration policies**. In this context, migration from North and Sub-Saharan Africa has been under review (see *Trends in International Migration*, OECD 2005, *International Migration Outlook*, OECD 2006 and 2007). This work will continue under the auspices of the OECD's Working Party on Migration.
- In addition, in the framework of its activity on the **international mobility of the highly skilled**, the OECD has reviewed the situation of South Africa regarding the mobility of health personnel (see *Trends in International Migration*, OECD 2004). Further work on the international mobility of **health workers** has been carried out (see *International Migration Outlook*, OECD 2007). It contains new evidence on the scope and impact of this mobility on African countries. The work on health personnel is expected to continue and will possibly cover some additional African countries.
- The recent creation of an OECD **data base on immigrants and expatriates by level of education** has also made it easier to identify the presence of African citizens in OECD countries, including their main demographic characteristics and labour market situation (employment, occupation, sector of activity). The OECD publication *A Profile of Immigrant populations in the 21st Century* (OECD February 2008) includes a large set of tables and charts describing demographic characteristics (age, gender, duration of stay) and labour market outcomes (labour market status occupation, sector of activity) of immigrant and native-born populations by educational level and country of birth.
- The issue of **migration, remittances and development** was examined at an international OECD conference held in Marrakech (23-25 February 2005), where a number of documents dealt with the situation in African countries (*Migration Remittances and Economic Development*, OECD 2005).
- In the context of the OECD horizontal activity on "Managing labour migration to support economic growth", special attention is paid to **return migration and the mobilisation of the diaspora for the development of sending countries**. This includes several African country case studies (North Africa and West African countries). An international conference on this issue, to be organised together with the Development Assistance Committee and the Development Centre, will be held in Milan, possibly early July 2008.
- The *OECD Directorate for Employment, Labour and Social Affairs* participated in the UN high-level forum on "**Migration and development**" organised and hosted by the Belgian authorities and will be involved in the second forum to be held in the Philippines. In the framework of this high-level forum, the Directorate's contribution on international migration covers, among others, several African countries.
- The *Sahel and West Africa Club* analyses the **evolution of migration dynamics as well as national migration policies of West African and OECD Member countries** and thereby improves the understanding of the migration issues in West Africa. Migration within the region is at least seven times greater than migration flows to Europe. The SWAC has supported ECOWAS in the development of a **common West African approach on migration** to face the challenges of intra-community mobility. This common approach was adopted at

the 33rd Summit of Heads of State and Government of the Economic Community of West African States (ECOWAS) in Ouagadougou (Burkina Faso) on 18 January 2008.

- Moreover, the SWAC concluded a partnership agreement with the Research Institute for Development (IRD), the Cheikh Anta Diop University of Dakar (UCAD) and the Centre for Research in Ethnic Relations at the University of Warwick (UK) to develop an **on-line database on West African migration** and produce statistical analysis, mapping studies and a feasibility study for the setting up of a regional observatory on migration.
- In 2008 the SWAC will launch **a thinking process on a regional approach to address West African migration issues**. In particular, this think tank will (i) analyse the implementation prospects of a West African regional approach to migratory issues based on the common approach developed within ECOWAS; (ii) broaden the debate on the regional approach on migration to non-institutional actors; and (iii) contribute to the preparation of the second Ministerial Euro-African Conference on Migration and Development to be held in October 2008 in France.
- This work will be complemented by a **review of international migration policies** currently in force in major host countries of sub-Saharan African migrants and bilateral or regional mobility agreements.
- Within the *Atlas on Regional Integration in West Africa*, the SWAC produced a chapter **on migration. It presents the major migration dynamics within West Africa and North Africa**, and examines the relationship between West Africa and Europe. The SWAC also produced an analytical document entitled “**The Socio-Economic and Regional Context of West African Migration**”, reflecting West African perceptions of migration.
- The *Development Centre’s* activities related to migration and development seek to inform the debate surrounding a **new labour mobility system** that will bring greater gains – and fewer risks – to migrant-receiving and migrant-sending countries, as well as for migrants themselves. The Development Centre’s 2007 flagship publication on *Policy Coherence for Development* is entitled *Migration and Developing Countries*, and is based in part on a series of country case studies, several of which are on the African continent (**Ghana, Mali, and Morocco**).
- The Development Centre’s current and forthcoming work **on migration and development will explore two key dimensions of the issue, with special attention to Africa. The first aspect is governance**: what is the appropriate governance structure for a new labour mobility system? What is the role of regional organisations such as ECOWAS and SADC? What is the potential promise of partnerships between sending and receiving countries?
- A second dimension of work on migration will look at the **links between international migration and domestic labour markets** (effects on unemployment, wages, poverty, domestic labour movements, and the prospects for returning migrants).
- The **Local Skills Strategies** study of the OECD’s *Local Economic and Employment Development (LEED) programme examines how* integrated skills strategies can inform decisions on the attraction of talent, upgrading of skills

and integration of **disadvantaged groups into** the workforce development system. This research activity forms part of the OECD's **Horizontal Project on Migration** and includes a focus on localities losing skills through high emigration and the role of decentralised co-operation, local diaspora networks and private sector sponsored training in better managing migration. **A case study on Nigeria** will be prepared in 2008 in collaboration with the Development Centre.

Social Indicators

- Social indicators included in the OECD publication *Society at a Glance* will be collected for Brazil, China, India, Russia and South Africa (the "BRICS"), where possible. The initial focus will be on social expenditures data. Publication of a **Report on social indicators in the BRICS** is foreseen for the fourth quarter of 2008.

Science and Technology

- South Africa has been an observer to the Committee for Scientific and Technological Policy (CSTP) since 1998. In this capacity, it participates actively in the Committee's activities. The principal project with South Africa is a peer review of the **South African National System of Innovation (NSI)**. This review, completed in mid-2007, made an independent and comparative assessment of the strengths and weaknesses of the NSI, identified good policy practices and formulated recommendations to optimise South Africa's innovation policies and instruments. The review was very well received by the South African government (including by President Mbeki), and it is therefore expected to have considerable impacts on policy. There have been positive spill-over effects of this review, as South African government has shared the results with countries in the Southern African Development (SADC) region, and as it has been asked to help undertake a similar review by UNESCO for Tanzania. Furthermore, Egypt has requested observership in the CSTP, and indicated interest in an OECD innovation review in the future.
- South Africa participated in a project on **international mobility of researchers**, undertaken by a CSTP Working Group in 2007. A policy report on this project is to be completed by May 2008. The work aims to enhance understanding of the mobility of researchers, including its magnitude and impacts, and of the range of policies available to manage this mobility.
- The OECD is holding a **Ministerial on the Future of the Internet Economy** in Seoul Korea (17-18 June 2008). Ministers from three African countries (Egypt, Senegal and South Africa) have been invited and have confirmed their participation. In 2007, South Africa became an Observer in the Committee for Information, Computer and Communications Policy (ICCP). In 2007, Egypt attended ICCP as an Ad Hoc Observer and has applied to become an Observer to the Committee. His Excellency Dr Tarek Kamel, Egyptian Minister of Communications and Information Technology, made an address to ICCP's Working Party on Communications and Information Services Policy in December 2007.
- In 2005, the OECD Secretariat was involved in the review of draft policy proposals on **telecommunications reform** at the request of the South African Ministry of Communications. Its comments were incorporated in the final paper which was made public in October 2005. At the government's request, the

Secretariat also participated at an open meeting aimed at reviewing and benchmarking telecommunication pricing structures.

- In June 2007, the OECD organised a **High-Level Forum on Medicines for Neglected and Emerging Infectious Diseases: Policy Coherence to Enhance their Availability (HLF)** in the Netherlands. The HLF brought together over 200 high-level participants from OECD and developing countries, industry, researchers, academics, philanthropic foundations, international and non-governmental organisations. Participants discussed how to overcome the dearth of new treatments and preventive technologies necessary to tackle the major infectious diseases which primarily affect the developing world. More than a billion people are affected, but the drug “pipeline” is weak and in many cases running dry due to the lack of research and discovery of new treatments. What can OECD countries do to help address this problem? Participants agreed on the **Noordwijk Medicines Agenda (NMA)** (www.oecd.org/biotechnology/sti/nma), which identified some of the best opportunities for creating a coherent policy environment for innovation to improve the availability of medicines for neglected and emerging infectious diseases. The NMA calls for actions to (i) make the health innovation system for infectious diseases more open by using more open business models and more global partnering; (ii) improve access to information, know-how, technologies and encouraging more sharing of knowledge and more collaborative approaches to research; (iii) increase R&D capacity and broaden the involvement of researchers, academic institutions, laboratories and companies globally; (iv) develop innovative mechanisms and sources of financing and (v) improve policy coherence across a number of policy sectors.

S&T and ICT statistics and indicators

- Science and technology indicators for South Africa are collected twice per year and published in *Main Science and Technology Indicators*.
- As one of the Members of the *Partnership on Measuring ICT for Development*, the OECD helps diffuse the OECD methodology for **collecting ICT indicators** to the whole Africa continent.
- Uganda is participating in the joint OECD/UNESCO/Eurostat expert group on **Careers of Doctorate Holders (CDH)** and is implementing a statistical survey adapted to the specific case of this country.

Environment

- In April 2006, **two OECD Committees convened at Ministerial level** in Paris: the Development Assistance Committee (DAC) and the Environmental Policy Committee (EPOC). Africa was among the principal focus areas where follow-up was expected. This joint Ministerial meeting endorsed a *Framework for Common Action Around Shared Goals* and a *Declaration on Integrating Climate Change Adaptation into Development Co-operation*. This laid out an ambitious agenda for common efforts in support of the objectives of the *Paris Declaration on Aid Effectiveness* (see chapter 3) and the *OECD Environmental Strategy for the First Decade of the 21st Century*.
- As a follow-up to the 2006 Ministerial meeting **three Task Teams** were established on the following priority areas:

- Integrating Climate Change Adaptation into Development Co-operation (previous work on climate change included case studies of **Tanzania** and **Egypt**);
 - Governance and Capacity Development for Natural Resource and Environmental Management;
 - Sustainable Financing to Ensure Affordable Access to Water Supply and Sanitation (involving co-operation with *i.a.* the EU Water Initiative).
- These Task Teams bring together experts from both Environment and Development Ministries and Agencies, as well as other stakeholders, including partners from developing countries. They work together **to develop guidance and tools for aid agencies to integrate environmental considerations into their activities**. Some pilot projects will be implemented in some of the above-mentioned topics in selected countries in Africa. As part of the third priority area above, agreement has been reached to develop a financing strategy for the water supply and sanitation sector in Egypt, and discussions are underway to identify a country from Sub-Saharan Africa for a similar study.
 - Work is also underway under the EPOC Working Party on Global and Structural Policies on Economic Aspects of Adaptation to Climate Change. While not focused explicitly on Africa, the work on **assessing costs and benefits of adaptation to climate change** is relevant to African countries, which are particularly vulnerable to the impacts of climate change. In May 2008, a seminar of the Annex I Expert Group on climate change (for which OECD and the International Energy Agency jointly provide the secretariat) will include participation of developing country government experts, including from Africa, to discuss issues relating to the building blocks of a post-2012 international climate framework.
 - African leaders expressed their **concern at the impact of climate change** at the AU Summit in January 2007. This was reiterated at successive meetings throughout the year, including the 8th meeting of the APF in May 2007, and culminating in the UN Framework Convention for Climate Change meeting in Bali in December 2007. Given the high priority of this issue for Africa's future, **climate change will be a central theme of the upcoming 10th APF meeting**, to be held in Tokyo in April 2008. As background to the session, the Support Unit is in the process of preparing a comprehensive analysis of the impacts of climate change on different sectors such as water; energy; agriculture, forests and fisheries; health and disaster management; and peace and stability. It also will analyse which financial mechanisms would most effectively help Africa meet this challenge. This 2008 report will take up conclusions from the joint analytical paper prepared by the NEPAD Secretariat and the Africa Partnership Forum Support Unit (see Chapter 4) for the APF's 8th meeting, held in May 2007. The 2007 APF report, and a related policy brief on "Climate Change and Africa", are available at: www.africapartnershipforum.org.
 - Recently **South Africa** has been engaged more actively in the work carried out under the **Environment Policy Committee and Chemicals Committee**:
 - South Africa took part – as an *ad hoc* observer – in the **Joint Meeting of Tax and Environment Experts** held in November 2007, and has provided input to the OECD/EEA database on policy instruments used for environmental policy (www.oecd.org/env/policies/database).

- South Africa has been invited to participate in **the OECD Environment Ministers' meeting** to be held on 28-29 April 2008 in Paris. This event will provide a good opportunity to strengthen dialogue on environment related issues with the country.
- In 2008, work in the Joint Working Party on **Trade and Environment** on international trade in non-hazardous recyclable waste will include a case study on South Africa. A study on **environmental innovation in emerging economies** which is being prepared for the Working Party on Global and Structural Policies will include a chapter on South Africa.
- South Africa has joined the **OECD system for Mutual Acceptance of Data** used in the assessment of chemicals as a full adherent to the Council Acts. It is a regular observer in the Chemicals Committee since 2006 and works with Member countries on a number of chemical safety issues. South Africa is especially active in the work of the **Task Force on the Safety of Novel Foods and Feeds** and makes active contributions to the drafting of its consensus documents e.g. on cassava and sweet potato, in co-operation with delegations from OECD Member countries. In this context the Task Force established a core drafting group which met in Pretoria, in February 2007. South Africa has also participated in the activities of the Working Group on Harmonisation of Regulatory Oversight in Biotechnology and the Working Group on Pesticides.
- Within the framework of the *Atlas on Regional Integration in West Africa* (in collaboration with ECOWAS), the SWAC has produced a chapter on the **ecological vulnerable zones in Sahelian countries**. This chapter fosters strategic thinking on the regional structural responses to the vulnerability of pastoralist and agropastoralist population residing in these zones.
- The SWAC also produced, in collaboration with the CILSS, ECOWAS and the FAO, a chapter on the impact of **"climate and climate change in West Africa"**. Like all other world regions, Africa and West Africa must take up the challenge of climate change which is essentially that of vulnerability and uncertainty. Analyses of this region have remained inadequate and projections are too uncertain for an effective anticipation of the risks and opportunities linked to climate change.

Policy Coherence for Development

- In order to seek ways in which **greater coherence in OECD country policies** can help African countries to meet the Millennium Development Goals, the Development Centre has undertaken African country case studies to examine the most relevant issues in depth, demonstrate a range of interactive policy impacts, derive policy lessons and recommendations, and signal the need for policy action. Interactions between policies in the fields of aid, trade, investment and migration, as well as natural resources like fisheries, have been key areas of focus. The **results of country and thematic case studies** are discussed among analysts and researchers and include a dialogue on the policy lessons with policy makers from African and OECD countries.
- To that end, the OECD Development Centre (in co-operation with the German Marshall Fund of the US and the Government of Kenya) has organised a series of policy dialogue events on the **interaction and impact of policy decisions taken in OECD countries upon African development**. Most notably, these

included an Experts' Workshop in Paris in November 2005, focused on migration, trade and aid, and a high-level dialogue in Geneva in September 2006.

- Migration and Developing Countries was the theme of the first edition (2007) of the Development Centre flagship publication on ***Policy Coherence for Development***. Launched in November, it has attracted considerable attention both from the media and from policy makers.
- Led by the Development Centre, in collaboration with a network of African experts, country case studies of African countries' ***experience with OECD country aid, investment, migration and trade policies*** have been carried out in Ghana, Kenya, Mali, Morocco, Mozambique, Senegal, Tanzania, Uganda and Zambia.
- Enhanced research and development on health technologies, to ***improve the availability of medicines and vaccines for emerging and neglected infectious diseases***, is particularly relevant for African countries. Medical innovation in this area – mainly carried out in OECD Member countries – remains minimal. Efforts have been made to make OECD Members' policies on health, innovation and development more coherent. These efforts are focused on capacity development and on improving the efficiency of research and development on health technologies. Their aim is to increase the availability of medicines and vaccines in developing countries. The *Noordwijk Medicines Agenda* (mentioned above) has laid the basis for action by the OECD and the World Health Organization (WHO) to improve health innovation systems in a way that is coherent with broader development goals.

Regional Initiatives

- The OECD's policy dialogue with Africa is also developing at a ***regional level***, in particular through the work of the ***Sahel and West Africa Club (SWAC)***⁸. These regional initiatives are contributing to bottom-up regional integration through sustained dialogue with public, private and civil society actors at the regional level. They feed field-level information into the work of other OECD Directorates and help leverage the impact of relevant OECD work and events in two important African regions.
- Since 2004, the SWAC has developed strategic partnerships with regional organisations and particularly with the ECOWAS, the implementing arm for AU/NEPAD in West Africa. The SWAC and ECOWAS signed a ***framework for co-operation*** in November 2006 which covers four main areas of concentration linked to AU/NEPAD priorities:
 - The ***West Africa Report***, produced in collaboration with ECOWAS and other regional and international partners, aims to present development perspectives of the region by highlighting regional co-operation issues. This Report will be produced every two years focusing on a topic of interest for the region. The

8 Together with governments, regional institutions and civil society/private sector organisations, the Sahel and West Africa Club (SWAC – www.westafricaclub.org) supports the development and implementation of action-oriented policies and investments that take into account the complementarities between local, national and regional levels. It supports West African initiatives to promote medium- and long-term development. The SWAC also helps identify strategic questions on the region's future and facilitates exchanges between regional actors and OECD Member countries that lead to concrete actions on the ground. More information on the various activities of the SWAC can be found in the sections below.

2007/08 issue explores resources for development. The Report will also be an opportunity to gather African personality's opinions and promote debate on future subjects for West Africa.

- The SWAC collaborates with ECOWAS on the production of an ***Atlas on Regional Integration in West Africa***. It is divided into four series: population, economy, environment, territory. Each chapter compiles retrospective analyses and maps highlighting the regional stakes. The Atlas aims to increase understanding of regional integration dynamics in West Africa and thereby hopes to facilitate the building of a regional space in West Africa. The following chapters have been produced since 2006: Africa and China, Climate & Climate Change, Cocoa, Coffee, Cotton, Demographic Trends, Ecologically Vulnerable Zone of Sahelian Countries, Migration, Languages, Oil and Gas, Rural Environment & Agricultural Changes, Transboundary River Basins. Chapters on the following topics are forthcoming in 2008: Diseases, Electricity, Fisheries, Illicit Drugs, Regional Organisations, and West African Borders. Work on two country-specific chapters (analysed from a regional perspective) on Ghana and Guinea-Bissau will also be launched.
- In addition, ECOWAS and the SWAC started working on a ***joint West Africa Information Gateway***. An initial outline for this project was presented to the ECOWAS team in Abuja (Nigeria) in November 2007. This gateway will gather information on West Africa from a regional perspective and provide various services and interactive tools. It is designed for the needs of West African users from the public, private and civil society sectors as well as research institutes, development partners and people interested in West Africa.
- Jointly with ECOWAS, the SWAC developed a ***new approach of regional integration based on local cross-border co-operation***. Several pilot projects are implemented on the ground: a regional legal framework for cross-border co-operation was adopted by ECOWAS Member states, a regional fund for cross-border co-operation is planned to be launched by the end of 2007. Drawing on the West African experience and the achievement of the SWAC and the ECOWAS Cross-Border Initiatives Programme (CIP), the SWAC provides support to the African Union to set-up a ***Pan-African cross-border programme***. The AU Border Programme aims to actively promote local cross-border co-operation initiatives as a tool for accelerating regional integration processes at the continental level.
- Faced with this challenge, which is one of the greatest hindrances to development of the West African region, the SWAC works together with various regional partners such as the CILSS, the WAEMU, ECOWAS, ROPPA, etc. to develop ***sustainable food crisis prevention and management*** mechanisms. To contribute to the prevention of food crisis in West Africa, the SWAC has launched, in collaboration with its partners of the Food Crisis Prevention Network (FCPN), a series of ***monthly information notes on the agricultural and food situation in the Sahel and West Africa (FOSIN)***. The information note provides a short overview of recent evolutions of the general agriculture and food situation. It also presents key issues and proposes information sources and selected background documents.
- The SWAC also contributed to the development and maintenance of ***the new RPCA website*** (www.food-security.net). As a new information tool, it aims

to enable all categories of actors (political decision-makers, technical and financial partners, civil society organisations, the media, etc.), to have access to reliable information on the food situation in the region and to make decisions for action accordingly.

- Following the recommendations of the RPCA meetings, the SWAC started organising, together with the CILSS, an evaluation and review of the **Food Aid Charter in the Sahel and West Africa**. Initial consultations revealed the need to foster dialogue between African stakeholders and the international donor community. In particular, the revised Food Aid Charter needs to take greater account of the evolution of international development aid mechanisms. The negotiating process between the involved partners aiming to define a new content for a more effective Food Aid Charter is ongoing. The revised Food Aid Charter will highlight good practices aiming to improve the efficiency of food crisis prevention actions and strategies. The draft document of the revised Charter will be available in April 2008.
- The SWAC also provides technical support for the production of **Food Security Country Profiles** for West African countries in order to facilitate the decision making at national and regional levels. The main purpose of this project is to raise awareness and mobilise efforts around the root causes of food insecurity in the region. The nine Sahelian countries (Burkina Faso, Cape Verde, Chad, The Gambia, Guinea Bissau, Mali, Mauritania, Niger and Senegal) were analysed. These profile sheets will be available in March 2008.
- As regards **governance, peace, security and democracy**, the SWAC is engaged in joint initiatives with ECOWAS in order to facilitate:
 - The ratification, dissemination, appropriation and implementation of the **Supplementary Protocol on Democracy and Good Governance** signed by 14 States and now applicable to all States. In this regard, the SWAC with ECOWAS, UNOWA and regional civil society networks will launch in 2008 a Regional Action Plan for Democratic Governance and Conflict Prevention.
 - A **framework for regular policy dialogue**, such as the Forum of Political Parties, the Media and Civil Society in West Africa, held in Cotonou in 2005 with participants from political parties, civil society and the media from 18 countries of the region;
 - **Reform and democratic governance of the security sector**. Within this framework the SWAC has contributed to the creation and leadership of the West African Network for Security and Democratic Governance (WANSED), a network of 21 research institutions and civil society organisations from 11 countries of the region.
 - The SWAC is contributing along with ECOWAS to the formulation of a Regional Post-Conflict Policy addressing state building challenges, economic re-construction and sustainable development in West Africa.
 - The SWAC is involved in a monitoring process focusing on the political evolution of West African countries within the context of new challenges related to elections held in various countries of the region in 2007.

The OECD Global Forum on Development

- The OECD Global Forum on Development (GFD) was launched in 2006 to **improve the dialogue** between OECD and non-Member governments, as well as a variety of private sector and civil society actors. It is supported by the Development Finance Network, a global network of think tanks with expertise on development finance.
- During the Forum's first thematic cycle (set to run until 2010), participants are identifying options for more effective development finance. Participation in GFD events from African countries has been strong. African experts – from government and civil society – have played leading roles in all Global Forum events, particularly in an Informal Experts' Workshop on **Ownership in Practice** (27-28 September 2007), which featured case studies on Mozambique, Zambia and Mali. Discussions form the basis of Chapter I of "Financing Development: Whose Ownership", to be launched by the OECD Development Centre on 20 May 2008, at the Second Annual Plenary of the Global Forum. They will also be used to support discussions at the Third High-Level Forum on Aid Effectiveness, to be held in Accra, Ghana, in September 2008.⁹
- The Forum's calendar of events is presented below:

OECD GLOBAL FORUM ON DEVELOPMENT – CALENDAR OF EVENTS

Year I (2006/07): Understanding the Present Development Finance System

Year II (2007/08): Putting Ownership into Practice

- 27-28 Sept. 2007, Ownership in Practice, Informal Experts' Workshop, Paris
- 26 Oct. 2007, Scaling-up, Technical Meeting, Paris
- 11 Dec. 2007, The Scaling-up Challenge: Linking Supply and Demand to Country Results Frameworks, Policy Workshop, Paris
- 28-29 Feb. 2008, Banking on Development, Roundtable, Geneva, Switzerland
- 23 April 2008, Supporting Think Tanks for Fiscal Legitimacy: What Role for Foundations and Official Donors?, Informal Workshop, Paris
- 20 May 2008, 2nd Annual Plenary of the Global Forum on Development, Paris.

Year III (2008/09): Matching Instruments to Needs

Year IV (2009/2010): Reshaping International Development Finance: What Have We Learned?

⁹ African experts will play lead roles in the forthcoming GFD Workshop on "Ownership in Practice", as lead presenters in plenary sessions and as presenters of 5 or 6 African country case studies.

Nuclear Energy

- South Africa is the ***only African country currently operating nuclear power plants***, and it participates in two international programmes for which the OECD's Nuclear Energy Agency is responsible of the Technical Secretariat: the GEN IV International Forum (GIF) and the Multinational Design Evaluation Programme (MDEP).
 - The ***GIF*** is a framework for international co-operation in research and development for the next generation of nuclear energy systems. South Africa signed the GIF Charter in 2001 which included the Terms of Reference for the programme, although it has not yet signed the Framework Agreement.
 - With regards to the ***MDEP***, it was set up to share the resources and knowledge accumulated by national nuclear regulatory authorities during their safety assessment of new reactor designs, with the aim of improving both the efficiency and the effectiveness of the licensing process. The main objective is to identify common regulatory practices and regulations that enhance the safety of new nuclear reactor designs. Ultimately this is expected to lead to a convergence of codes, standards and safety goals in the participating countries. South Africa is one of the ten countries that joined the programme from its inception.

3. Aid Policies and Aid Effectiveness

Aid Effectiveness

- As of February 2008, **34 African countries** have officially subscribed to the **Paris Declaration on Aid Effectiveness** endorsed by over one hundred donors and developing countries at a High Level Forum in March 2005. Among them, 20 African countries participated in the first Monitoring Survey in 2006 and the number of countries rose to 31 for the second Monitoring Survey, which was launched in the beginning of 2008. **Country profiles** summarising results from the Survey of 2006 is available for each participating country as well as a synthesis global report (www.oecd.org/dac/effectiveness/monitoring).
- The **OECD Development Assistance Committee's (DAC) Working Party on Aid Effectiveness** has become the international Partnership of donors and partner countries hosted by the OECD/DAC which works on improving the effectiveness of aid for greater impact on development and poverty reduction. In the wake of the Paris Declaration, the Working Party has further **widened its Membership** to include 23 developing countries, including **twelve African countries**, which are actively involved in promoting, facilitating and monitoring the Paris Declaration. Participation extends to the specialised Joint Ventures on Monitoring, Managing for Development Results, Public Financial Management and Procurement. In establishing a **tripartite chairing arrangement** (a bilateral donor as chair with a multilateral organisation and a partner country as vice chairs) the Working Party has elected the representative of **Ghana** as one of its two Vice-Chairs. The African Development Bank and the Strategic Partnership Africa (SPA) are also represented on the Working Party.
- As part of its dissemination strategy, the Working Party has sponsored several **regional workshops** to encourage and **facilitate implementation of the Paris Declaration in Africa**. Further specialised workshops took place around the mutual learning initiative in **managing for development results** and the first annual meeting of the African Community of practice on Management for Development Results was held in Mukono, Uganda, on 11-14 December 2007.
- The OECD is taking a leading role in preparing for the **3rd High-Level Forum on Aid Effectiveness (HLF-3)** which will take stock of progress made on implementing the Paris agenda at country level. It will be held in Accra, Ghana, on 4-6 September 2008 and will involve Ministers and senior officials from over 150 countries – including heads of multilateral institutions and non-governmental organisations – assembling over 800 participants in total. The meeting will take place over 3 days. The first two days will allow discussions among aid practitioners through nine roundtables. The final day will be the “High Level Forum” itself, at which heads of agencies, other senior officials and Ministers will discuss a limited number of key issues, leading to the negotiation and endorsement of the **Accra Action Agenda (AAA)**. A parallel “marketplace” of knowledge and ideas will also take place during the three days.
- As part of the preparation process of the HLF-3, a number of **regional preparatory events** will take place during the second quarter of 2008. They will provide a forum of discussion for the first “menu of options” of the Accra Action Agenda, and will include discussions on the Accra roundtable topics. The regional preparatory event for Africa will take place in Kigali, Rwanda, on

28-30 April 2008. In addition to regional preparatory events, various work streams will hold meetings to discuss the inputs for the HLF-3. The **Joint Venture on Procurement** will hold its third meeting in Arusha, Tanzania, from 5-7 May 2008.

Gender Equality and Aid Effectiveness

- A joint workshop on **Aid modalities and the promotion of gender equality** was organised together with the UN's Inter-Agency Network on Women and Gender Equality in Nairobi in January 2006. As a follow-up, the DAC Network on Gender Equality (GENDERNET) examined, at its annual meeting in July 2006, good practice in using the partnership commitments of the *Paris Declaration* to accelerate progress towards gender equality and women's empowerment. Further follow-up action was identified, including producing papers on aid effectiveness and gender equality, and on innovative practices in donor funding and support for women's empowerment organisations. This work will also feed into the 2008 revision of the *DAC Guidelines for gender equality and women's empowerment in development co-operation*.
- The GENDERNET, in collaboration with the DAC Networks on Environment and Governance, and the Working Party on Aid Effectiveness, organised a workshop on **Development Effectiveness in Practice – Applying the Paris Declaration to Advancing Gender Equality, Environmental Sustainability and Human Rights**, in Dublin in April 2007. Its purpose was to increase mutual knowledge and understanding of how practitioners are applying the *Paris Declaration's* overarching principles to advance gender equality, environmental sustainability and human rights. In March 2008, the Network is organising a follow-up workshop on **Strengthening the Development Results and Impacts of the Paris Declaration through Work on Gender Equality, Social Exclusion and Human Rights** to share the emerging analysis and experiences at field-level and identify and “show-case” case studies which are of direct relevance to the themes of the September 2008 High Level Forum (HLF-3) in Accra.

Aid Management Platform (Pilot in Ethiopia)

- The Aid Management Platform (AMP) is a web-based tool that enables governments to **better manage and co-ordinate development assistance**. Designed for use by governments and their development partners, the AMP improves and streamlines the processes for planning, monitoring, co-ordinating, tracking and reporting on international aid flows and project-based activities.
- The AMP was developed by the Development Gateway Foundation, in partnership with the Ethiopian Government, OECD, UNDP and World Bank, to address the growing international **demand for more efficient and effective aid management processes**, as stated in the Paris and Rome Declarations on Aid Effectiveness. The role of the OECD/DAC Secretariat is to bring its expertise on the methodology, the reporting and the collection of data on aid flows, and to ensure the compatibility of AMP with international standards and definitions.
- The AMP pilot was implemented in the Ministry of Finance and Economic Development of Ethiopia in 2005. The platform is being now implemented in other countries, and discussions are currently being held at an advanced stage with a number of African governments for future implementation in the region.
- Information is available on the Internet, at <http://amp.developmentgateway.org>.

Aid Statistics – Development Aid at a Glance

- The publication ***Development Aid at a Glance*** provides detailed statistics and analysis of ***aid flows for African countries***. It was released in November 2007 and covers aid flows up until 2005. The next version will be released in June 2008 and covers 2006 flows.
- Aid statistics are presented in the form of numerous charts and comparative tables, highlighting specific features and main trends in aid delivery to Africa. Two separate sections refer to ***aid donors*** (top bilateral and multilateral donors) and ***aid recipients*** (top recipients in recent years). A third section focuses on the ***sector allocation of aid***. It presents detailed data on aid to education, health and water supply and sanitation as well as more general data on other sectors.
- The publication complements the data published in the Statistical Annex of the *Development Co-operation Report* and the *Geographical Distribution of Financial Flows to Aid Recipients*. Starting with 2007, it has replaced the annual regional editions of the *CRS (Creditor Reporting System) Aid Activities* report.

Peer Review of DAC Members Development Co-Operation Programmes

- DAC Peer Review Examiners include ***field visits to partner countries*** in their assessment of aid agency performance. Over the last two years, such visits have included the following African countries: Ghana (Denmark), Benin (European Community), Mozambique (Canada), Mali and the Central African Republic (France) and Burkina Faso (Luxembourg). These visits help to assess the effectiveness of individual donor agencies in their field operations. They also help the DAC to stay abreast of how partner countries assess donor practices at the field level. Summary accounts of the field missions are published in the ***DAC Peer Review*** series.

Evaluation

- An ***independent evaluation of the implementation of the Paris Declaration*** was launched in 2007, and a reference group was created to lead the work. The evaluation involves five African countries (Mali, Senegal, South Africa, Uganda and Zambia), Members of the DAC Evaluation Network and multilateral institutions. A workshop discussing emerging findings from the evaluation was held in South Africa in January 2008.
- The ***DAC Glossary of Key Terms in Evaluation and Results Based Management*** was published in Arabic, in collaboration with the evaluation departments of the African Development Bank, the Islamic Development Bank, and the DAC Evaluation Network. The glossary will be available on www.oecd.org/dac/evaluationnetwork, together with twelve other language versions.
- The DAC Evaluation Network has launched a study on ***evaluation capacity development in Francophone Africa***. The objective of the study is to provide an overview and analysis of existing experiences. It is envisaged that the study will feed into an expert meeting on the topic to take place in the first half of 2008, and for results to feed back to the DAC Evaluation Network and actors in the region.

Pro-Poor Growth – Private sector, agriculture and infrastructure

- Now that growth rates are increasing in Africa, the challenge is to ensure that growth accelerates further, is sustained, and is more effective in reducing poverty. To support the efforts by developing countries in Africa and elsewhere to make major inroads into poverty reduction, the DAC approved in 2006 ***policy guidance for donors on promoting pro-poor growth***. This work (see: www.oecd.org/dac/poverty) has paid particular attention to private sector development, agriculture and infrastructure, areas that used to be neglected, but whose contribution to promoting pro-poor growth is now being recognised. It built on a range of case studies that included examination of the situation in African countries, and involved African representatives in workshops to discuss emerging findings and conclusions.
- This policy guidance on ***promoting pro-poor growth*** is now being disseminated and discussed with donors, governments and other stakeholders in developing countries through the organisation of country workshops. A first workshop in Ghana in June 2007 highlighted the importance of agriculture and the informal economy, as this is where most of the poor are and the private sector is and can be an important driver of growth. The workshop in Mali (March 2008) is highlighting the need to reduce donor dispersion to increase impact. Issues around implementation of the Paris Declaration are also emerging for the workshop in Malawi, where the government has moved to a national growth and development strategy but donors' funding is not following and little support is currently being provided for productive sectors. Other workshops are planned in 2008 for Burkina Faso and Mauritania.

Aid for Trade

- The OECD is working to develop an analytical toolbox for ***improving design and implementation of Aid for Trade programmes*** and most importantly, it has established jointly with the World Trade Organisation a ***monitoring system on aid-for-trade to improve its effectiveness***. Putting a spotlight on aid for trade, OECD will create incentives to improve aid delivery and to foster synergies between trade and other economic policy areas in developing countries and donor agencies. The first results were presented during the first WTO Global Aid for Trade Review in November 2007. These showed that Aid for Trade is being prioritised by donors and partner countries and is attracting increasing resources.
- Nonetheless, ***major challenges in the implementation of the key principles of the Paris Declaration remain***. The Aid for Trade initiative will be confronting three main challenges: (i) monitoring progress in the implementation of Aid for Trade; (ii) evaluating its effectiveness; and (iii) developing and disseminating best practices. In collaboration with the WTO, work on the monitoring of aid for trade will focus on improving the quality and presentation of the global numbers, developing better indicators to track the delivery and results of aid for trade and ensuring a comprehensive coverage of all key actors in aid for trade. In addition, OECD will develop a common framework for evaluating and assessing the results of aid for trade in close consultation with partner countries. Finally, OECD will produce policy guidance notes on best practices, leveraging the knowledge of other OECD policy communities who have extensive experience in developing countries, such as in agriculture, technology transfer and investment.

Tax Reform and Aid Dependency

- From 2007, the OECD will be working on the relationship between ***aid dependency, taxation and accountability***. ***As aid is being scaled up, aid dependency is set to worsen, especially*** in sub-Saharan Africa. This creates the risk of undermining domestic accountability and of jeopardising the objective of sustainable development. The OECD is currently working on a Policy paper which will highlight these risks and point to possible action by donors to avoid or minimise them.
- Discussions are currently underway for the development of a ***South African Revenue Service tax centre*** to operate in partnership with the OECD (CTPA and DCD) and other interested international organisations and serve the needs of the region as a whole. It is anticipated that this will be inaugurated in 2008. The centre will focus on capacity development and also on key issues such as tax and governance.

Anti-Corruption

- The OECD has developed a set of ***Principles for Donor Action in Anti-Corruption***, designed to further the efforts in the fight against corruption and to give a basic understanding of how donors can improve their co-ordination and provide a basis for dialogue with partner countries. A study was conducted in ten countries (including Mozambique, Nigeria, Tanzania, Uganda and Zambia) to check that the Principles reflect best practices.
- The Principles cover the main sectors and activities in which donors need to collaborate. They underline the necessity to support the role of civil society in generating demand for reforms and accountability. The Principles also call on OECD Members to reduce the supply side of corruption. The Principles are backed by a Policy Paper (***“Setting an Agenda for Collective Action”***), which defines a collective action programme for both the country and the international community. A first ***joint donor assessment mission*** was carried out in Cameroon in July 2006, in close association with the Government of Cameroon.
- As outlined in the Policy Paper on anti-corruption, donors need to base their action on ***joint assessments***. Whenever possible, such assessments will be country-led, undertaken jointly by key Members of an existing or prospective local reform coalition and a group of donors, and will utilise any existing analysis (for example, the results of AU/NEPAD Peer Review Mechanism). Promising cases are underway in Rwanda, Ethiopia and Cameroon. A first ***joint donor assessment mission*** was carried out in Cameroon in July 2006, in close association with the Government of Cameroon. This mission helped spur a multi-donor and government partnership called CHOC (“Change Habits – Oppose Corruption”), which was signed on 19 February 2007.
- These joint assessments must be accompanied by more harmonised responses to poor governance, particularly corruption. The DAC is in the process of testing the idea of developing a voluntary code of ***common response principles*** which are being discussed by local donors in nine pilot countries (including Tanzania, Cameroon, Zambia and Kenya).

Capacity Development

- The OECD DAC is undertaking work to support behavioural change and more strategic approaches in the area of capacity development. Consultations held in the second quarter of 2006 with **stakeholders in ten African countries** have been an essential part in the dissemination of key messages of new guidance (***The Challenge of Capacity Development: Working towards Good Practice***) developed by the DAC for capacity development practitioners.
- An International Forum jointly organised by the Learning Network on Capacity Development (LenCD) and the OECD DAC's Governance Network and Working Party on Aid Effectiveness – ***Addressing the Paris Declaration, Collective Responsibility for Capacity Development: What Works, and What Doesn't*** – was held in Nairobi, in October 2006. The Forum, which had a strong regional focus on Africa, emphasised learning from practical experience at the country level around three main themes: (i) joint approaches to capacity development, (ii) assessing, monitoring and evaluating capacity development, and (iii) strengthening capacity through domestic accountability.

Conflict Prevention, Peace and Security

- The OECD has been engaged in policy dialogue with African states, non-state actors and regional or sub-regional organisations on **Security System Reform (SSR)**. Its purpose was to broaden understanding of key SSR principles, strengthen implementation capacity and foster more effective and co-ordinated donor support in line with partner country needs. From this dialogue the **OECD/DAC Network on Conflict, Peace and Development Co-operation (CPDC)** (www.oecd.org/dac/conflict) has developed the *OECD DAC Handbook on Security System Reform (SSR)*. The Handbook provides an assessment framework that helps place reforms in their political context and to identify potential entry points for reform. It encourages greater attention to national capacity, local ownership and enhanced security and justice service delivery. This work has become the international point of reference for security system reform policy and practice (see further www.oecd.org/dac/conflict/if-ssr). The handbook was endorsed by the DAC Ministers in April 2007 and was commended by the G8 Heiligendamm Summit as being an important instrument with which to tackle the challenges of insecurity and development in Africa. The DAC's work on SSR has begun to have an impact and has contributed to the ongoing thinking towards developing a comprehensive, coherent and coordinated approach to SSR within both the EU and the UN.
- The focus for this work now turns towards implementation and a series of **in-country consultations** are being prepared to introduce the work and methodology proposed in the handbook. It was officially launched at the AU/ASSN¹⁰ meeting in Addis Ababa in October 2007, and consultations are planned in Burundi, the Democratic Republic of the Congo, the Central African Republic, Guinea Bissau and Sierra Leone over the next 12 to 15 months. The Handbook is supplemented by a training course aimed at SSR practitioners from across government including defence, security diplomatic and defence personnel from countries undertaking security and justice reforms and from the international community.

- There is growing international awareness of the relationship between armed violence prevention, arms reduction and development. While a significant amount of research has been undertaken on these issues, there is a clear need to **move from policy to providing practical guidance on armed violence reduction programming**. The envisaged guidance will focus on the issue of armed violence and arms availability but will also ensure that these approaches address underlying developmental factors driving armed violence so that programmes are sustainable. The OECD/DAC is seeking to develop this guidance in a participatory way and to include the vast amount of field level experience available. The DAC is supporting a series of regional consultations, including one in Africa held in Nairobi in October 2007, aimed at gathering lessons learned and to ensure that the guidance is based on actual experience of armed violence reduction programming.
- A regional working group on **DDR¹¹, Post-conflict and Development in West Africa**: this Group brings together relevant regional actors and co-operation agencies and is the component of a process initiated in January 2005 with the launching of the initiative on the Dynamics of Exit from Crisis in West Africa.
- **“Peace and Security in Africa”** was one of the key themes of the Africa Partnership Forum’s 8th meeting, held in Berlin in May 2007 (see also chapter 4). An analytical report submitted to APF Members examined ways that Africa and its development partners can work together to bring **sustainable peace** to the continent. It flagged as priorities: strengthening the African Peace and Security Architecture, combating the spread of small arms and light weapons, and putting an end to the illegal exploitation of Africa’s natural resources. The report highlighted the numerous commitments that had already been agreed to, both at the African and G8/OECD/UN level, and underlined that much progress could be made if existing commitments were fully implemented. The full report is available at: www.africapartnershipforum.org. For its 10th meeting in Tokyo, Japan in April 2008, the APF will examine the multiple social and economic impacts of climate change, and will feature a chapter on peace and stability.

Improving Engagement in Fragile States

- In April 2007, OECD DAC Development Ministers and Heads of Agencies endorsed a Policy Commitment and set of **Principles for Good International Engagement in Fragile States and Situations** (www.oecd.org/dac/fragilestates/principles). The Principles are intended to help international actors foster constructive engagement in countries with problems of weak governance and conflict, a large number of which are situated on the African continent. Prior to their approval, the Principles were piloted in nine countries. These included five African countries: the Democratic Republic of the Congo, Guinea-Bissau, Somalia, Sudan and Zimbabwe. Feedback and lessons from this exercise helped in refining the Principles and shaping a consensus on how to design and implement policies and programmes in these difficult contexts. The SWAC will elaborate with the Fragile States Group and ECOWAS a country profile of Guinea-Bissau highlighting the challenges of peace-building in a post-conflict context.
- The OECD also monitors **resource flows to fragile states** in an effort to help inform donor decisions and increase transparency and co-ordination (www.oecd.org/dac/fragilestates/resource). In 2006, donors have responded to

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Disarmament, Demobilisation and Reintegration.

the challenges posed by fragile state with more aid (USD 26.8 billion) but 75 percent of this aid benefited just five countries: Nigeria, Afghanistan, Sudan, DRC and Cameroon, and half of it is debt relief. The 2007 exercise identified three types of countries requiring some attention: (i) countries receiving less aid than would be predicted given their high level of need, compared to countries with similar policy and institutional performance ratings (e.g. Guinea and Nigeria); (ii) countries with high level of need and weak governance or low capacity (e.g. CAR, Somalia, Togo and Zimbabwe); (iii) countries with access to only one, two, or three key bilateral donors (e.g. Comoros, CAR, Cote d'Ivoire, Liberia and Republic of Congo).

- Recognising that aid is only part of the picture, the OECD also tracks non-aid flows to fragile states such security-related expenditures, such as UN peacekeeping; domestic revenues, including from natural resources; remittances and foreign direct investment (illustrative data).
- The OECD is collaborating with the African Development Bank and the African Union on the organisation of a **regional conference on state-building in fragile states**. The conference is planned for July 2008 and will provide an opportunity for a broad range of stakeholders from African and non-African countries to share lessons and experiences from their countries and debate how international assistance can most effectively support national state-building processes.
- At the **3rd High-Level Forum on Aid Effectiveness**, the Democratic Republic of Congo, France and the African Development Bank, will co-chair a **roundtable on situations of fragility and conflict**. The OECD is working with the three roundtable co-chairs in preparing this event which will serve as a forum to facilitate debate on how to improve aid and development effectiveness in these challenging situations.

4. Monitoring of Development Trends and Progress

Monitoring Aid Flows to Africa

Past and prospective trends

- Aid to Africa has steadily increased since 1960 to reach a first peak in 1990 at USD 33.4 billion (at 2005 prices and exchange rates). This first peak was mainly due to special assistance to North Africa during the Gulf War. However, in the 1990s the share of aid to Africa fell. Several factors accounted for this, such as cuts in aid budgets, a decline in aid to Egypt, and conflict and crisis in countries (for example the Sudan and Somalia), making it difficult to deliver aid. The decline in the share of aid to Africa was reversed in 1999 when aid delivery picked up again as Africa became the focus of donors challenged to meet the MDG targets (see Figure 1).
- Aid to Africa rose to about **41% of total aid in 2006, or an all time high of USD 43.4 billion** (see Figure 2). Most of the increase was due to debt relief (see Figure 3). Debt relief grants, which accounted for about USD 14.8 billion in 2006, were mostly for Nigeria. If Nigeria is excluded, aid to the region rose by about 8% compared to 2005. Aid to sub-Saharan Africa in 2006, excluding debt relief, was static.
- Over the last ten years, the largest bilateral donors to Africa, excluding debt forgiveness, were the **United States** and **France**. The United States has focused aid on Egypt, Ethiopia and Sudan whereas France's main aid recipients have been Morocco, Mayotte and Senegal. Amongst the multilateral agencies, the EC and IDA are the largest donors providing aid to mainly Morocco and Egypt (EC) and Ethiopia and Ghana (IDA).
- In 2006, about a third of bilateral aid was targeted to the **social sector**, in particular education and government and civil society (about 7% each). As mentioned previously, debt relief was exceptionally high in 2006 and accounted for about a third of bilateral ODA.
- Africa is the continent which has **the most progress to make** if it is to attain the targets for poverty eradication and gains in health and education set by the **Millennium Development Goals**. For this reason, at the Gleneagles G8 summit, donors promised to double their aid to Africa between 2004 and 2010. One would therefore expect to see a rise in aid flows to Africa in the coming years (see Figure 4) as donors meet this commitment. However, as debt relief is expected to continue to decline over the next couple of years, other forms of aid will have to increase quite substantially in 2007 and 2008.
- In addition to the statistical presentations referred to in Chapter 3, the OECD's Development Co-operation Directorate **analyses aid flows**, especially those to Africa, in regular publications, presentations and news releases.

Figure 1: Net ODA disbursements to Africa

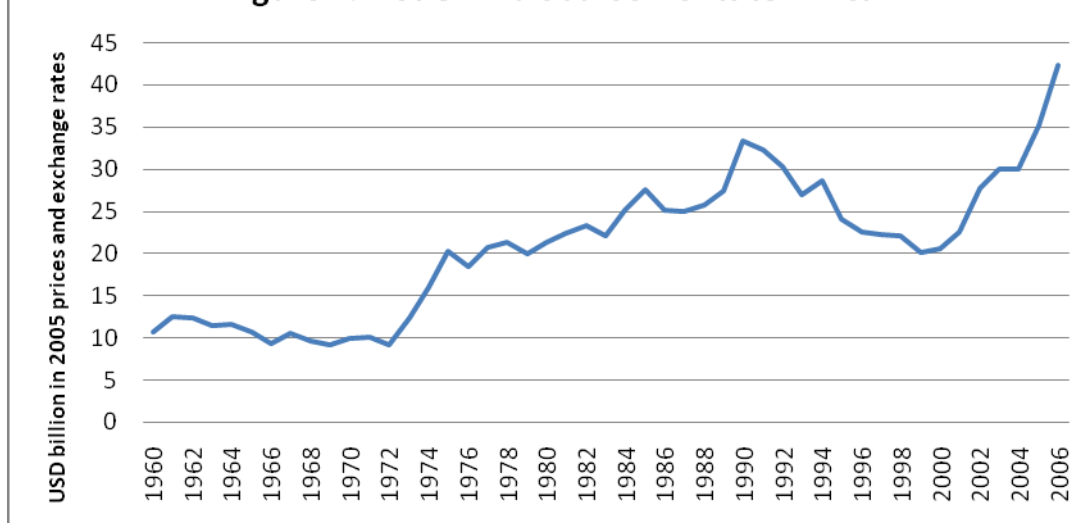


Figure 2: Official Development Assistance to Africa

2.1.1. Top 10 ODA receipts by recipient
USD million, net disbursements in 2006

1	Nigeria	11 434	26%
2	Sudan	2 058	5%
3	Congo, Dem. Rep.	2 056	5%
4	Ethiopia	1 947	4%
5	Tanzania	1 825	4%
6	Cameroon	1 684	4%
7	Mozambique	1 611	4%
8	Uganda	1 551	4%
9	Zambia	1 425	3%
10	Ghana	1 176	3%
	Other recipients	16 636	38%
	Total	43 402	100%

2.1.3. Trends in ODA
USD million, 2005 constant prices

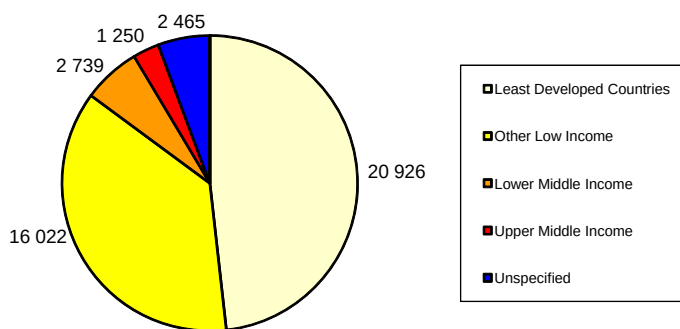
	2005	2006	% change
ODA net disbursements	35 156	42 382	20.6%
ODA commitments	41 393	45 113	9.0%

Population (thousands)	895 095	926 404	3.5%
Net ODA per capita (USD)	39.3	45.7	16.5%

2.1.4. ODA by income group
USD million, 2006, net disbursements

2.1.2. Top 10 ODA donors
USD million, net disbursements in 2006

1	United States	5 805	13%
2	United Kingdom	5 462	13%
3	France	5 159	12%
4	EC	4 172	10%
5	Germany	3 463	8%
6	IDA	3 245	7%
7	Japan	2 621	6%
8	AfDF	1 541	4%
9	Netherlands	1 342	3%
10	Italy	1 084	2%
	Other donors	9 508	22%
	Total	43 402	100%



2.1.5. Sectors in 2006
commitments

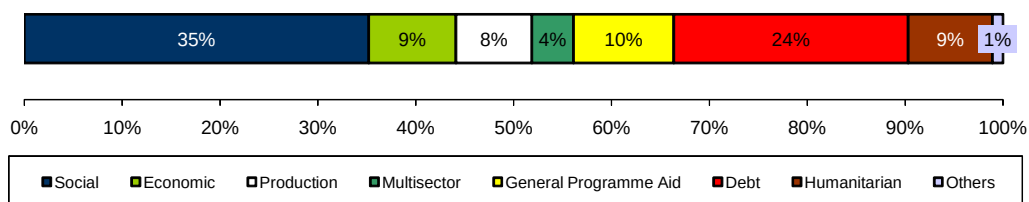


Figure 3: Components of total net ODA to Africa

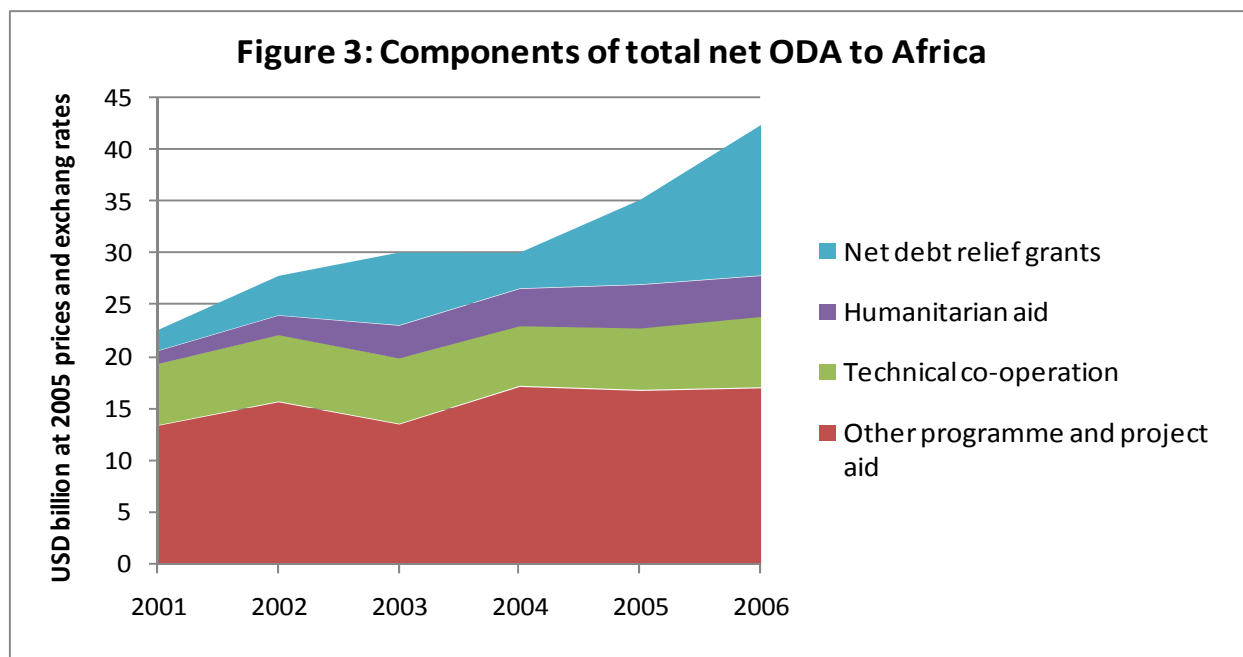
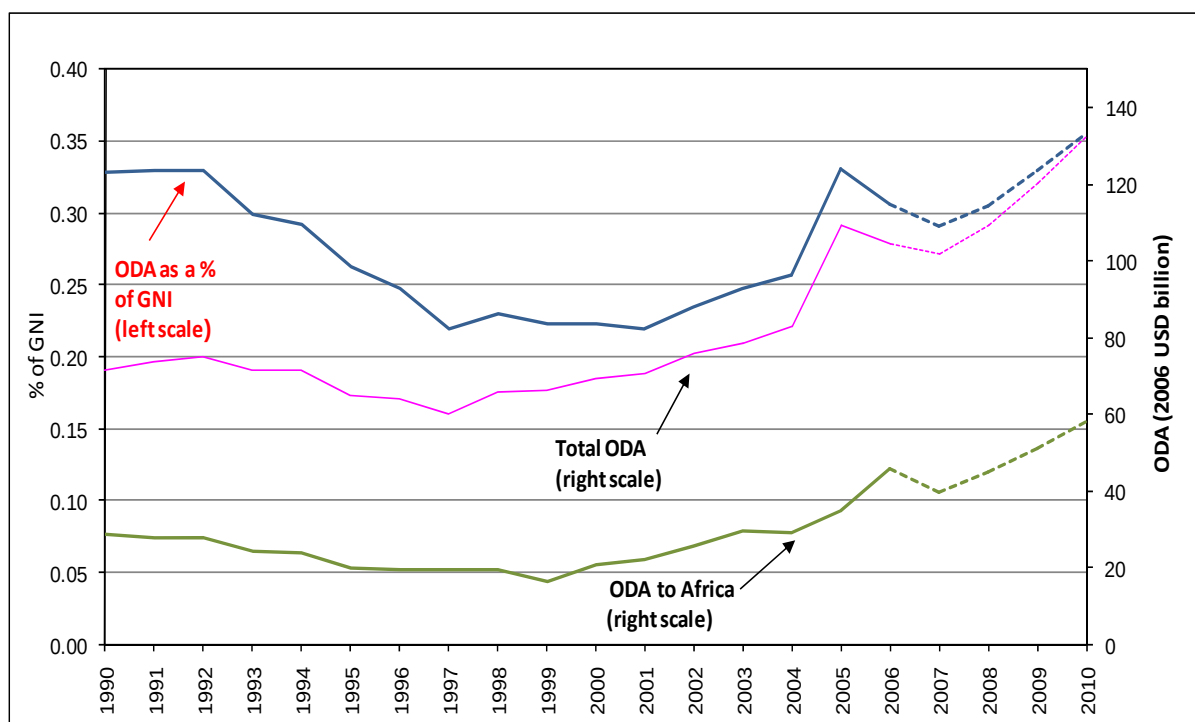


Figure 4 – DAC Members' net ODA, 1990-2006, and DAC Secretariat simulations of net ODA to 2007 and 2010



- The G8 and Millennium+5 Summits held in 2005 committed donors to **doubling aid to Africa by 2010**. Progress towards this goal was analysed in the 2006 *Development Co-operation Report*, in the April 2007 presentation to the Development Committee by the Secretary-General and the DAC Chair¹², and in news releases in December 2006 and April 2007¹³. This work has highlighted the fact that, excluding debt relief and humanitarian aid, there has been almost no net increase in real aid levels to sub-Saharan Africa since 2002.
- The DAC is now conducting a survey on **donors' forward spending plans**, focusing on core development programmes (i.e. aid available for allocations at the country level). This is designed to improve the **predictability of aid**, especially in donors' priority countries, many of which are in Africa. Improved predictability would support recipient countries in their medium-term financial planning, in particular as regards the financing of poverty reduction strategies. The survey should also help to identify aid orphans and structure discussions on aid allocations to fragile states.

Mutual Reviews of Development Effectiveness

- The notion of mutual accountability among development partners for their respective commitments, responsibilities, and performance in pursuit of shared goals was first recognised in the **Monterrey Consensus**¹⁴. The Mutual Review of Development Effectiveness gives concrete expression to this notion. It was initiated by the AU/NEPAD Heads of State and Government Implementation Committee (HSGIC) and **jointly developed by the ECA and OECD** over the period 2002 – 2004.
- The **first report on Mutual Review of Development Effectiveness** was submitted to the Africa Partnership Forum in Abuja in April 2005, the OECD Development Assistance Committee High Level Meeting in April 2005 and the Economic Commission for Africa Conference of Ministers of Finance, Development and Planning in May 2005. The Report was finalised after the Gleneagles and Millennium Summit in October 2005.
- In the perspective of the preparation of the Mutual Review report of 2007, the Secretariats of AU/NEPAD, ECA and OECD met in Johannesburg on 17 July 2006 to develop **a roadmap for the process**. The meeting agreed on the nature and the value added of the Mutual Review as well as its comprehensiveness and multi-dimensional character. Thus, the Mutual Review is seen not only as a monitoring exercise, but also as a process which promotes performance and accountability in both African and development partners' efforts to achieve and support African goals and objectives.
- A further meeting with a wider range of partners was held at the AU/NEPAD Secretariat Headquarters in Midrand, Johannesburg, on 28-29 September 2006. It served as a brainstorming event to create **a common understanding of the 2007 Mutual Review process**, its contents, objectives and modalities, taking into account the linkage with other relevant processes, including that of the Africa Partnership Forum (APF) (see below).

12 <http://siteresources.worldbank.org/DEVCOMMINT/Documentation/21299840/DCS2007-0005-OECD-DAC.pdf>.

13 www.oecd.org/document/54/0,3343,en_2649_34487_37799158_1_1_1_1,00.html and www.oecd.org/document/17/0,3343,en_2649_34487_38341265_1_1_1_1,00.html

14 The outcome of the 2002 UN *International Conference on Financing for Development*, held in Monterrey, Mexico. It is often cited as a benchmark in the field of development co-operation.

- In May 2007, a meeting to plan method for carrying out the next Review was held in Berlin, between the three key contributing institutions (NEPAD, ECA and OECD), just before the opening of the 8th Africa Partnership Forum (22-23 May 2007). The meeting focused its debates on the **methodology, activities, timeframe and the value-added of the report** that, unlike other monitoring exercise, was commissioned by Heads of State. Also discussed was the issue of merging the process into the APF which should act as a platform for mutual accountability.
- In September 2007, a first technical meeting with ECA was held in Paris. The aim of the meeting was to set up expert groups to prepare synthesis reports. Work is ongoing to define the structure and parameters of the report and the accompanying consultation process.
- It was agreed that the Mutual Review should be finalised and presented in late 2008, rather than early 2008, after the new aid statistics are published this spring and after the Accra meeting in September 2008 so as to integrate updated figures and the outcomes of this major event into the 2008 report. The process will draw on and will further the emerging network of monitoring processes working in partnership with the World Bank, the UN SG's Africa Working Group, the Africa Monitor, DATA and the APP. The communication and dissemination strategy, driven by the AU (NEPAD Secretariat), will ensure the dissemination of the findings and conclusions of the report.

The African Economic Outlook

- The *African Economic Outlook (AEO)* is a joint project of the OECD Development Centre, the African Development Bank (AfDB), and since 2008, the United Nations Economic Commission for Africa (UNECA). Its purpose is to help identify **successful practices and providing comparative data and analysis** on Africa's economic, political and social trends.
- Launched in 2002 with the support of the European Commission, **six editions** have been published; the 2006/07 edition was launched in Shanghai on 13 May 2007 at the AfDB Annual Meetings. The **seventh edition** is currently under preparation and will be released in May 2008 at the AfDB Annual Meeting in Maputo.
- The AEO now covers **35 African economies** (compared to 22 countries in the third edition), accounting for 87 per cent of Africa's population and 95 per cent of its economic output.
 - *North Africa*: Algeria, Egypt, Libya, Morocco and Tunisia.
 - *West Africa*: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Equatorial Guinea, Ghana, Liberia, Mali, Niger, Nigeria and Senegal.
 - *Central Africa*: Cameroon, Chad, the Republic of Congo, the Democratic Republic of the Congo, Gabon and Rwanda.
 - *East Africa*: Ethiopia, Kenya, Madagascar, Mauritius, Tanzania and Uganda.
 - *Southern Africa*: Angola, Botswana, Malawi, Mozambique, Namibia, South Africa and Zambia.
- In each year since its second edition, the report has examined a **cross-cutting issue** of vital importance to the continent's development: Privatisation (2002-03), Energy and Poverty (2003-04), Financing the Development of Small and Medium-sized Enterprises (2004-05), Transport Infrastructure Promotion (2005-06), and

Access to drinking water and sanitation (2006-07). The 2007-08 edition focuses on ***Developing Vocational and Technical Skills***.

- The AEO identifies drivers of growth by providing comparative data and analysis largely based on original macroeconomic forecasts (on growth, inflation, fiscal account, balance of payments). Through a series of original indicators it monitors progress towards diversification, political stability, and towards achieving the MDGs.
- The AEO contributes to all areas of OECD work with Africa in support of the AU/NEPAD objectives. In particular, having become a widely recognised, authoritative annual report on the performance of African economies, the AEO serves as a ***valuable monitoring tool*** to the AU/NEPAD African Peer Review Mechanism as well as the OECD/ECA Mutual Review of Development Effectiveness.
- The project is also contributing to an ambitious process of ***strengthening capacity among African institutes***. The project is improving modelling capacity on Africa through training programmes at the Statistics Division of the AfDB, UNECA and research institutes in Africa. A network has been developed of local experts, think-tanks and university departments committed to high-quality, neutral and pertinent policy analysis. As a result, the project is now firmly rooted in Africa, thereby improving its relevance for public and private sector decision makers in Africa and partner countries.
- Responsibility for co-ordinating the project is being gradually ***transferred to the AfDB***. The OECD Development Centre will continue to be a partner with the AfDB in future editions of the AEO and joint activities will notably include the quality support, the drafting of the special focus section, strengthening the modelling of Africa and the development of new monitoring indicators, as well as the extension of dissemination activities.
- The AEO has been presented annually with great success to the world's media in addition to specific presentations in OECD capitals, including Berlin, London, Tokyo and Washington as well as in most African countries.
- More information is available on the Internet, at www.oecd.org/dev/aeo.

New Donors and Lenders

- Over recent years, a number of emerging creditors have increased their aid and lending to Africa's Low-Income-Countries (LICs). The Development Centre has been carrying out research directed at:
 - The behaviour and impact of the so-called '***emerging lenders***' in the region, notably China, in the context of debt relief.
 - ***New investors in Africa*** (pension funds, mutual funds, hedge funds, private equity funds, etc.): what is the profile of portfolio investors in the continent? Are there sovereign investments funds, especially from the south or other emerging countries investing in Africa?
 - ***New instruments*** (local debt securities in local currency, private equity) and assessing whether there are complementarities between these instruments and ODA.

- The results of this work, which point, *inter alia*, to a **broadening of the concept of debt sustainability** as used in the Debt Sustainability Framework, are to be discussed at a meeting organised by BMZ in November 2007 and later a meeting of IMF and World Bank Executive Directors, organised by the Friedrich-Ebert-Foundation in New York. The extent to which China's broad economic impact is purely temporary, or whether it is of longer duration, is to be the object of further study.

Responding to the Opportunities and the Challenges of China and India's Economic Ascendancy

- Recent policy research and policy dialogue activities at the Development Centre have been seeking to help African countries define strategies that will maximise the benefits and minimise the risks associated with the ascendancy of the two Asian giants. By undertaking case studies in selected African countries, this work has provided answers to three major general sets of challenges: Who are likely to be the African losers and winners? Given these impacts, what are the implications for development strategies in African economies? How should African countries engage with the Asian drivers? What are the opportunities that arise from China and India's ascendancy? In June 2006, the Development Centre published a Policy Study entitled ***"China and India: What's in it for Africa?"*** Soon to be published work examines how African countries can best respond to these challenges, taking into account the concerns and priorities of local public and private stakeholders (government, private sector, civil society and experts).
- The SWAC has produced a chapter of the *Atlas on Regional Integration in West Africa* dedicated to the relationship between Africa and China. As the third-ranking trading partner, strategic investor, development partner and future financial source, China is ***shaking up the balance of power*** established on the continent since independence. The impact is so great that traditional partners – Europe and the United States in particular – are forced to review their relations with Africa. The chapter examines the issues involved in these new dynamics.

The Africa Partnership Forum Support Unit

- The emergence of AU/NEPAD as an African-owned and led vision of Africa's economic and social transformation was welcomed by many, including G8 nations who decided to ***integrate Africa into their annual Summit agendas*** and, in that regard, initiated a special G8 dialogue with African leaders geared to advancing Africa's development goals.
- This dialogue was broadened and strengthened in November 2003 when, in the wake of the Evian G8 Summit, the ***African Partnership Forum (APF) was established***. As a result, the existing high-level exchange of views between the G8 and AU/NEPAD was expanded to include 20 African countries comprising the AU/NEPAD Steering Committee as well as Africa's major bilateral, regional and multilateral partners. The APF has become a key forum at a senior political level for ***promoting accountability and development results*** by monitoring progress against commitments undertaken by both African governments and development partners. At the same time, it creates space for dialogue on Africa's socio-economic challenges, the response of the international community and implementation of NEPAD programmes.

- To backstop the analytical and monitoring work of the Forum, APF members agreed in 2005 to create **a Support Unit, currently housed at OECD headquarters**. Since its start-up in mid-2006, the Unit has collaborated with the NEPAD (its counterpart Secretariat on the African side) and leading international experts from multilateral and bilateral organisations, academia, civil society and public policy think tanks in preparing substantive papers for four APF meetings (the APF meets twice each year, once in Africa and once in the country of the G8 Presidency). This collaboration has made it possible to produce **timely and relevant policy papers** focused on emerging issues of importance to Africa, and to develop an approach for assessing progress towards achieving development priorities in special “APF Progress Reports”. These monitoring reports deliver a synthetic assessment of successes, bottlenecks, next steps and responsibilities for each development issue under review.
- At its 7th meeting, in Moscow, held in October 2006 under the Russian G8 Presidency, the APF launched its ‘traffic light’ monitoring system, assessing the pace and scope of progress achieved in reaching Africa’s **infrastructure, HIV/AIDS, and agricultural development goals**. Participants also explored the African dimensions of G8 discussions on **energy poverty** and **infectious diseases**, took stock of **broader development finance patterns**, and identified key “next steps” for action by the international community. The Africa Action Plan and market access aspects of Africa’s **trade relations** were also highlighted.
- The APF’s 8th meeting took place in May 2007, two weeks before the G8 Heiligendamm Summit, thus providing a unique opportunity to **consider key issues regarding African development** of relevance to the G8 agenda. During the meeting, APF members agreed a set of recommendations on investment, peace and security, gender and climate change, a number of which were subsequently picked up in the Heiligendamm Summit Declaration.
- The 9th meeting of the Africa Partnership Forum will be held in Algiers in November 2007, under the overarching theme of **“Governance and Development”**. It will revisit earlier progress reports on **agriculture and infrastructure** – highlighting in particular developments in the **transport, water and energy** sectors – as well as publish a new monitoring report on investment and an update on **development finance patterns and prospects**.
- The 10th APF will take place in Tokyo, Japan in April 2008 under the theme of **“Making a Vibrant Africa a Reality through TICADIV and G8 Hokkaido Tokyo Summit”**. The meeting will focus on climate change and ways to attenuate its impact on Africa, the Africa Action Plan, and include a session on “Boosting Economic Growth and Poverty Reduction”, which will focus on agriculture, infrastructure, ICT, and gender.
- Information about the APF and its reports is available at the APF website: www.africapartnershipforum.org.