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POSSIBLE STEPS FOR STRENGTHENING NEPAD-OECD CO-OPERATION

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Contact person: Ms Marilyn Yakowitz (marilyn.yakowitz@oecd.org)

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POSSIBLE STEPS FOR STRENGTHENING NEPAD – OECD CO-OPERATION

INTRODUCTION

During their meeting on 16 May 2002, NEPAD and OECD ministers agreed to jointly seek ways in which the OECD could contribute to the implementation of NEPAD's objectives and thus to the development of Africa by building upon OECD's comparative advantages and existing programmes. This co-operation could include exchanging views and experience on peer review mechanisms; strengthening policy dialogue to support capacity building and policy reforms; and a process of consultations on aid effectiveness (see Press Communiqué released on 16 May 2002).

The design and development of concrete projects of co-operation with NEPAD needs to be seen as a joint effort between NEPAD and the OECD, as it is critical to ensure that the co-operation responds to NEPAD countries' priorities and remains guided by the principle of African ownership and responsibility that are at the core of the innovative approach promoted through the NEPAD process. The proposals set out in this paper should be seen in that context. The aim is to establish a process by which concrete action-oriented proposals could be identified and agreed between NEPAD and the OECD. This proposal itself should be discussed and agreed with NEPAD countries and other stakeholders in the international community before it is developed further. Implementation will also involve close co-operation with other international organisations, such as the World Bank and the UNDP.

POSSIBLE LINES OF ACTION

The co-operation could be developed along three main lines of action:

- ❖ OECD-NEPAD NETWORK ON PEER REVIEWS;
- ❖ ENHANCING AFRICAN PARTICIPATION IN EXISTING OECD GLOBAL FORUMS AND OTHER ACTIVITIES WITH NON-MEMBERS;
- ❖ OECD-NEPAD DIALOGUE ON AID EFFECTIVENESS AND ODA REFORM.

1. OECD-NEPAD NETWORK ON PEER REVIEWS:

The NEPAD action plan targets peer review as a tool for accomplishing its priorities. This is fully supported by the G8 Action Plan adopted in Kananaskis. The OECD-NEPAD co-operation could include, but is not limited to:

- Internal consultation with peer review experts in OECD to determine how to share knowledge of peer review mechanisms with NEPAD.
- Initial dialogues with the NEPAD and its representatives on peer review processes, beginning of establishment of network on peer review.
- Development of a plan for exchanging this knowledge, including creation a network involving Member-countries officials with hands-on experience of OECD peer review mechanisms to help prepare and deliver the exchange.
- Preparation of documentation (possible manual(s), guidelines or toolkits) on OECD peer review mechanisms.

- The African Economic Outlook, a joint product of the OECD (Development Centre) and the African Development Bank (as well as the Annual Economic Report of the UN Economic Commission for Africa), provide a knowledge base for policy dialogue and possible pilot peer review exercises.
- Co-operation in this area has already started during the summer and spring of 2003: production of a public information document “Peer Review: A Tool For Co-operation and Change” (SG/LEG(2002); participation of OECD Secretariat experts in working sessions in Paris and in Africa to contribute to the design of an African Peer Review Mechanism (APRM).

2. ENHANCING AFRICAN PARTICIPATION IN EXISTING OECD GLOBAL FORUMS AND OTHER ACTIVITIES WITH NON-MEMBERS

A. THE GLOBAL FORUMS

- Forums are held on the following eight topics: Sustainable Development; Knowledge Economy; Governance; Taxation; Trade; Agriculture; International Investment; Competition.
- Steps are being taken to increase the participation of African experts and policy makers in OECD Global Forum activities.

B. POLICY DIALOGUE ON PRIORITY ISSUES

- The initial phase of work will require intense consultations with NEPAD countries on the content, scope, and modalities of co-operation, so as to identify concrete policy issues that could lend themselves to strengthened policy dialogue with NEPAD. A key challenge will be to find the right balance between pan African dialogue activities and activities to be implemented at a more decentralised level with the five African regions identified by NEPAD. Another important objective will be to involve in an appropriate manner, representatives from the “civil society”, including the private sector.
- The proposals that follow should be seen in that context. They target two broad clusters of issues (Governance; Investment and Private Sector Development) that seem to reflect current priorities in the NEPAD Action Plan.

Governance

- Improving economic governance is seen by NEPAD as a key challenge in establishing the conditions for sustainable development in Africa. The OECD has a long-standing experience in the subject matter, both within its Membership and through its co-operation with non-Members, at global and regional level. It can help build the case for improved governance, analysing the benefits of improved governance systems for the economy as whole and the risks of policy inaction in this area. It can also share knowledge and experience on concrete policy orientations needed to reform the public service, improve the quality of regulations and more generally enhance the effectiveness of public institutions and policies in support of the development of a market economy.
- A key requirement would be to forge a shared vision amongst participants on (i) the main challenges confronting Africa in the area of governance (ii) the linkages between economic performance and economic governance in both the public and private sectors, (iii) the priority issues on which a policy dialogue between NEPAD and OECD could usefully be developed in specific areas such as public management and public service reform, good governance of aid, regulatory reform, corporate governance,

the fight against corruption, the reinforcement of statistical capacities and an integrated approach to sustainable development.

Investment And Private Sector Development:

- Private sector development with growing participation in international trade in goods and services and flows of foreign direct investment will be the key driver of higher growth and employment generation in Africa as elsewhere. This involves a range of coherent policy actions by African governments and external partners that goes well beyond the realm of development assistance or "traditional" investment and trade promotion policies. The OECD has a long standing experience both within its membership and through its co-operation with non-Members in encouraging a comprehensive approach to the integrated set of policies needed to create and maintain a supportive environment for investment and private sector development.
- Policy dialogue between OECD and NEPAD would aim at building consensus on the range of priority institution building and policy actions required, that could form the basis of an investment and private sector development "Compact for Africa".
- Such agreed priorities could eventually be pursued through focussed policy dialogue activities between OECD and NEPAD as well as through various concerted aid initiatives, in areas such as competition, taxation, corporate governance, anti-corruption, investment, trade...

3. OECD-NEPAD DIALOGUE ON AID EFFECTIVENESS AND ODA REFORM¹

For DAC, aid effectiveness and progress towards the Millennium Development Goals is a major theme in 2003-2004. involving:

- Ongoing process of discussion of aid effectiveness in Africa between donors and NEPAD and progress towards the Millennium Development Goals;
- Dialogue with NEPAD and with the ECA to determine the most appropriate and efficient framework for systematic review of aid effectiveness.

An analytical information base on ODA Flows to Africa:

- Discussion of aid effectiveness and ODA flows related to MDGs will require more analytical use of ODA statistics.
- Work with other competent institutions to design analytical database, founded on DAC statistics.

1. This proposal is meanwhile being elaborated in more detail, in co-operation with ECA; see "A Framework for NEPAD/DAC Joint Reviews of Development Effectiveness" [DCD(2002)7]. Co-operation on the statistical information base is under discussion with the Strategic Partnership with Africa