The Netherlands and NePAD[1]
A short SOMO analysis for NiZA

1. Development Cooperation policy

The Dutch Ministry of Foreign Affairs regards NePAD as an important process and vision that is explicit about the principles of African ownership -i.e. Africa defining the direction and content of its development policies and implementing them-, as well as about principles of good governance and accountability. The Netherlands applauds this vision and NePAD is a guide for Dutch policy towards Africa. However, the Ministry of Foreign Affairs regrets that NePAD does not have much backing from African citizens at the national level. The NePAD vision also includes the principle of mutual accountability whereby donors have to live up to their promises of increased and more efficient aid, and reaching the Millennium Development Goals (MDGs). The concept of mutual accountability is being shaped by the OECD/DAC and the UN Economic Commission for Africa, and is currently discussed at the African Partnership forum. In 2005, the Netherlands is co-chair (representing the non G8 OECD members) with the UK of the African Partnership Forum, where the G8, other major donors such as the Netherlands, NePAD countries and institutions, and international institutions meet twice a year to sustain support for the NePAD and monitor its implementation and partnership.

The Netherlands considers the African Union as the most important implementer of NePAD. It recognizes that at national level in Africa PRSPs play an important role and that in principle PRSPs should be inspired by NePAD, which is not the case so far. The Netherlands knows that there is growing frustration about the lack of concrete implementation of NePAD but recognises that it is a long process that should lead to real improvements in African policy and development.

According to an internal note[2] at the Ministry of Foreign Affairs, NePAD is considered to have 6 priority areas:

1) Political good governance: includes the issues of democracy, human rights and military intervention and the African Peer Review Mechanism
2) Economic good governance
3) Infrastructure development
4) Market access and agriculture
5) Social development
6) Optimal national and international capital flows

Interestingly, this view of NePAD leaves out the environmental initiative of the NePAD action plan. The African Peer Review Mechanism (APRM) is viewed by most donors, including the Netherlands, as the most important added value of NePAD, compared with previous Pan-African initiatives.

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[1] If not indicated otherwise, most of the information has been based on: “Fact sheet NEPAD”, internal note at the Dutch Ministry of Foreign Affairs, 2 June 2005; F. Nicolai, Dutch Ministry of Foreign Affairs, interviewed on 16 September 2005.

[2] “Fact sheet NEPAD”, internal note at the Dutch Ministry of Foreign Affairs, 2 June 2005.

The NePAD objectives are almost identical to the Millennium Development Goals, according to the internal note that refers to an action plan by NePAD. This action plan contains nine themes or initiatives related to the 6 mentioned above, but adding environment.

The Netherlands does not consider NePAD to be a project machine.

The Netherlands directly finances two projects related to NEPAD:

1) a financial contribution to the APRM of Ghana, as a contribution to the UNDP Trust Fund of a total of US$ 14.5 bn for 2005-2007;
2) financing the South African Institute of International Affairs (SAIIA)[3] to disseminate information about NePAD in Africa, and to support SAIIA's efforts to involve civil society in the NePAD action plan[4], including research in a number of selected countries to assess how civil society deals with NePAD and how civil society can enrich the NePAD process.

For the Netherlands, direct support for implementing and financing NePAD can most easily be done[5] through policy plans at national level such as the PRSPs. For regional NePAD projects/programmes, the Netherlands is of the opinion that the EC is better equipped to finance and contribute to such programmes. This does not seem to exclude that the Netherlands is present at discussions about regional programmes such as the consultation between the African Union, the G8 and other donors regarding the African Peace and Security Architecture, in April 2005.[6]

The Netherlands also contributes to many international organisations and initiatives, which might partly contribute to programmes put forward by NePAD. In 2002, the Dutch UN mission co-sponsored a seminar on NePAD at the International Peace Academy, which helped inform UN members about NePAD.[7]

The above mentioned internal note of the Dutch ministry states that by mid 2005 most progress to implement NePAD was being made in 3 areas:

1) Agriculture and food security: the Comprehensive African Agricultural Development Plan was formulated with the FAO and is implemented at national and regional level with the support of international institutions and national budgets. No reference is made, in the Dutch internal document, to the role of the EC. The EC itself claims in its own documents to support agricultural sectoral programmes in two ACP countries.[8]
2) Infrastructure: the Short Term Action Plan on Infrastructure (STAP) that identifies regional programmes for energy, transport, water and information technology. International bodies, national African authorities and the EDF played a role.

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[3] Based in Johannesburg, South Africa: www.saiia.org.za
[4] A. van Ardenne, "NEPAD provides us with the right setting of good governance", speech at the UN General Assembly, 16 September 2002.
[5] "de meest voor de hand liggende instrumenten"
[6] "Communiqué of the consultation between the AU. the member countries of the G8 and other partners and African Peace and Security Institutions", Addis Abeba
[7] A. van Ardenne, "NEPAD provides us with the right setting of good governance", speech at the UN General Assembly, 16 September 2002.
[8] European Commission, "Implementation of the G8 Africa Action Plan – EC contribution", 6-8 July 2005, p. 30.

3) ICT: the NePAD e-Africa project that supports schools via internet and computers.

The areas of concern for the Dutch Ministry are:

- Real implementation of NePAD is needed, especially the APRM, in order to keep the credibility of NePAD.
- The many funds allocated for NePAD can only be disbursed if NePAD is translated to national policy, which includes harmonising the Poverty Reduction Strategies and NePAD priorities; this means that African civil society needs to be more involved.
- The Pan African approach does not fit into the country specific PRSP strategies of most donors, including the Netherlands.

In some key policy documents on development cooperation by the Minister of Development Cooperation there is very little reference to NePAD. For instance in the 2004 report[9] about progress of implementing the World Summit on Sustainable Development Commitments (WSSD), many of the themes are the same as some of those included in NePAD (e.g. water, energy, health) but only 3 references to NePAD are made in the report. In the document[10] explaining Dutch development policy up to 2015, only one reference is made to NePAD regarding a regional approach to conflict management, peace and security initiatives. The document does however refer to the Dutch Africa policy presented in 2003. This Africa policy paper makes some references to NePAD as well as to the fact that part of Dutch development cooperation is channelled through the EU and international institutions. The main themes of this Africa policy document are close to those promoted by NePAD:

1) promoting peace, security and stability
2) promoting good governance
3) human development, especially health (HIV/AIDS) and education
4) support for African business in order to promote 'pro poor growth'
5) sustainable development especially related to water, natural resources and environment

The Netherlands claims to have the same thinking about NePAD as the European Commission. However, the Minister of Development Cooperation was critical of the EU's first policy papers on implementing the MDGs, which referred to many NePAD themes. For instance, the Minister considered the EU commitment regarding the contribution of trade to development (WTO concessions, EPAs) insufficient.[11]

According to the Ministry's internal note, the main areas of cooperation discussed in the political dialogues between the EU and AU Commissions are:

1) Peace and security (the EU's funding of Euro 250 m to the Peace Facility)
2) Governance issues on the agenda of the AU
3) Strengthening of AU institutional capacity

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[9] Ministerie van Buitenlandse Zaken, " Duurzame daadkracht – Voortgangsrapportage 2004: nationale en internationale strategie", [end of 2004]

[10] Minister voor ontwikkelingssamenwerking, "Ontwikkelingsbeleid voor de komende jaren", brief aan de Tweede kamer der Staten-Generaal, 2003-2004, 29 234, nr. 1: contains policy document "Aan elkaar veplicht"

[11] Ministerie van Buitenlandse Zaken, "Mededeling inzake MDGs, de Europese bijdrage", www.minbuza.nl (12 September 2005)

The Ministry considers the EU's lack of Pan-African cooperation instruments and agreements an obstacle to improving cooperation with Africa as promoted by NePAD. Therefore, NePAD's sectoral programmes should be incorporated in existing national and regional programmes.

2. NePAD and other Dutch instruments for promoting development in Africa

At the Ministry of Economic Affairs, it was difficult to find an official who was aware of the Ministries policies related to NEPAD.

The Netherlands' Development Finance Company (Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden – FMO) has a special Africa desk that is growing. Financing to Africa goes especially to fund financial and banking institutions (private equity funds) for (smaller) African companies[12]. However, this has little to do with NePAD. The person[13] responsible for the FMO's Africa desk sees no effect of NePAD on attracting more investments or improving the investment climate so far. He considers the NePAD infrastructure projects such as the fibre optic submarine cable and West Africa Gas pipeline as projects that would have taken place without NePAD as they were already underway before NePAD.

There is a Netherlands Africa Business Forum, in close contact with MFO, that promotes investment opportunities for Dutch businesses in Africa. However, there are very little investments by Dutch companies in Africa, except Shell in Nigeria, Ghana and South Africa. [14] The objective of NePAD to help African countries integrate in the world economy is not known by the business community.

Figures of the Netherlands Central Bank[15] show consecutive real negative flows of investments to Africa, i.e. more is being divested than invested. The figures are relatively high in the years 2002-2004, compared to earlier decades.

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[12] Africa Investor, September – December 2005, p. 56-60, <www.africa-investor.com>
[13] Joost Zuidberg, Regional Manager Africa, interviewed on 22 september 2005.
[14] B. Zwinkels, FMO, e-mail letter to E. de Haan, 26 September 2005
[15] De Nederlandse Bank, Betalingsbalans, directe investeringen en internationale reserves : Directe investeringen in het buitenland (stromen), < http://www.statistics.dnb.nl/index.cgi?lang=nl&todo=Balansstromen> (28 September 2005)

CONCLUSION

NePAD is considered as a vision, an approach and a process that is being supported by Dutch development policy. However, in practical and financial terms, the available instruments for direct support to NePAD by the Netherlands are at the national level of African countries, especially through the PRSPs. This means that NePAD needs to be translated at national level to receive more direct Dutch aid flows, as is the case for other donors as well. The Netherlands however also finances different NePAD initiatives and themes indirectly through contributions to international organisations or to the European Development Fund (EDF).

Reaching the MDGs, which are especially problematic in Africa, is receiving more attention than NePAD from the Netherlands and are in fact considered to be the same as NePAD objectives. Although the principles and themes of NePAD are incorporated in Dutch policy of development cooperation towards Africa, there is little specific reference to NePAD. This analysis by SOMO did not allow assessing how far the NePAD approach and priorities are taken up in all existing Dutch development and economic policy.

NePAD is claimed to have had no influence on Dutch investment in Africa or on Dutch instruments that promote investment in Africa.

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