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Bridging the means of implementation gap: Key issues for Africa



Economic Commission
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Bridging the means of implementation gap: Key issues for Africa



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Abbreviations and Acronyms

AAA	Accra Agenda for Action
ACBF	African Capacity-Building Foundation
ACP	African, Caribbean and Pacific Group of States
AEC	African Economic Community
AfDF	African Development Fund
AfT	Aid for Trade
AMCOST	African Ministerial Council on Science and Technology
AMU	Arab-Maghreb Union
AUC	African Union Commission
CAADP	Comprehensive African Development Program on Agriculture
CBD	Convention on Biological Diversity
CDM	Clean Development Mechanism
CEN-SAD	Community of Sahel-Saharan States
COMESA	Common Market for Eastern and Southern Africa
COP	Conference of the Parties
CPA	NEPAD Science and Technology Consolidated Plan of Action
CSD	UN Commission on Sustainable Development
CSDF	Capacity Development Strategic Framework
DAC	Development Assistance Committee
EAC	East Africa Community
ECA	United Nations Economic Commission for Africa
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EFA	Education for All programme
EPA	Economic Partnership Agreements
EU	European Union
FDI	Foreign Direct Investment
FOCAC	Forum on China-Africa Cooperation
FTA	Free Trade Areas
G20	Group of 20
G77	Group of 77
G8	Group of 8
GAVI	Global Alliance for Vaccines and Immunization
GDP	Gross Domestic Product
GNI	Gross National Income
GNP	Gross National Product
HIPC	Heavily Indebted Poor Countries
IDA	International Development Association

IFFIm	International Finance Facility for Immunization
IFIs	International Financial Institutions
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
IOC	Indian Ocean Commission
JPOI	Johannesburg Plan of Implementation
KIAD	Republic of Korea's Initiative for Africa's Development
LDCs	Least Developed Countries
LPA	Lagos Plan of Action
MEA	Multilateral Environmental Agreement
MICs	Middle Income Countries
MIP	Minimum Integration Programme
NEPAD	New Partnership for Africa's Development
OAU	Organization of the African Union
ODA	Official Development Assistance
PFM	Public Finance Management
PD	Paris Declaration
PFIA21	Programme for the Further Implementation of Agenda 21
PIDA	Programme for Infrastructure Development in Africa
POA	Brussels Programme of Action
PTA	Preferential Trade Area
R&D	Research and Development
RCM	Regional Coordination Mechanism
REC	Regional Economic Community
REDD-plus	Reducing Emission from Deforestation and Forest Degradation
Rio+20	United Nations Conference on Sustainable Development
SADC	Southern African Development Community
SSC	South-South Cooperation
STI	Science Technology and Innovation
TRIPS	Agreement on Trade-Related Aspects of Property Rights
UNCED	United Nations Conference on Environment and Development
UNCSD	United Nations Conference on Sustainable Development
UNCTAD	United Nations Conference on Trade and Development
UNDP/RBA	Regional Bureau for Africa of the United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
WSSD	World Summit on Sustainable Development
WTO	World Trade Organization

I. INTRODUCTION

1.1 Background

Since the United Nations Conference on Environment and Development (UNCED), sustainable development is being pursued at global, regional and national levels. This quest for sustainable development is guided by explicit commitments that have been adopted by the international community. These commitments include those contained in Agenda 21, the programme for the Further Implementation of Agenda 21 (PFIA21), the Johannesburg Plan of Implementation (JPOI) and the outcomes of the Millennium Declaration. It is recognized that the full and effective translation of these commitments into tangible sustainable development outcomes requires the mobilization of and access to adequate means of implementation. The main means of implementation identified in Agenda 21, PFIA21 and JPOI are financing sustainable development, technology development and transfer, capacity development, globalization and trade, regional integration and South-South cooperation. Annex 1 contains an indicative list of these commitments on the means of implementation. Related to these are the Paris Declaration (PD) and the Accra Agenda for Action (AAA) on aid effectiveness, as well as ongoing discussions between Africa and its partners on development effectiveness.

While countries are primarily responsible for their own development, in the case of developing countries such as those in Africa, it is acknowledged that international support is central to accessing the necessary means of implementation and realizing sustainable development outcomes. In this regard, at UNCED, countries agreed that although financing for the implementation of Agenda 21 would come from a country's own resources, support from development partners to meet incremental costs would be crucial for the full implementation of the commitments agreed. In this context, developed countries reaffirmed, *inter alia*, their commitments to reach the accepted United Nations target of 0.7 per cent of Gross National Product (GNP) for Official Development Assistance (ODA). Indeed, some developed countries agreed to reach the target by the year 2015.

1.2 Trends in discussions on the means of implementation post Rio

The assessment of implementation of Agenda 21 carried out in 1997 revealed that although some progress had been made, more effort was needed to deliver on the means of implementation set out in Agenda 21. This was particularly so in the areas of finance and technology transfer, technical assistance and capacity-building. Therefore, the PFIA21 adopted by the General Assembly in 1997 called for, among others, the provision of adequate and predictable financial resources and the transfer of environmentally-sound technologies to developing countries.

Furthermore, the "Agenda for Development" called for urgent mobilization and more efficient use of resources for development, to implement this Agenda, and decisions and commitments reached at the previous United Nations global conferences and summits. Recognizing the critical social and economic situation in Africa as a priority concern, the resolution called for increased mobilization of domestic and external resources, and their more effective use for the success of the economic and political reforms undertaken by African countries. It also called for international support to complement the national resources mobilized by African countries themselves.

At the World Summit on Sustainable Development (WSSD) in 2002, African countries stressed that failure by the international community to fulfill its Rio commitments on the means of implementation hampered progress towards achievement of sustainable development in the region. They, therefore, called on WSSD to produce a concrete programme of action with time-bound measures and well-specified sources of funding for their implementation. While noting that each country had primary responsibility for its own development, JPOI underlined the need to take the Rio principles into full account, in particular, the principle of common but differentiated responsibilities, in the provisions on means of implementation. It further called for, among others, significant increases in the flow of financial resources, transfer of environmentally-sound technologies, education and capacity-building. WSSD pledged its support to the implementation of the New Partnership for Africa's Development (NEPAD). Such support would include regional cooperation and integration and South-South cooperation.

1.3 Build-up to Rio+20

The United Nations Commission on Sustainable Development (CSD) has stressed that the means of implementation as contained in the outcomes of major United Nations conferences and summits are critical to achieving global, regional and national policies on sustainable development. As such, the CSD and its various sessions called for actions to fulfill all commitments on means of implementation.

At meetings of the preparatory committees for delivering on the means of implementation was underlined as a critical element in addressing the implementation gaps in the sustainable development agenda. In this respect, the Group of 77 (G77) called for the provision of new and additional financial resources, fulfillment of commitments on ODA, pursuit of development-oriented solutions to the debt problem of developing countries, and addressing the shortfall of technology transfer. Effective means of implementation have also been stressed as an important principle in the realization of the green economy agenda, as well as effective operationalization of institutional and strategic frameworks for sustainable development.

1.4 Purpose and scope of the paper

The foregoing clearly demonstrates that the achievement of sustainable development depends on the availability, accessibility and timely provision of adequate means of implementation, both through domestic efforts and international support. Therefore, in the buildup to Rio+20, means of implementation deserves focused attention to enable the conference to address lingering challenges and take action to bridge gaps in their delivery.

The purpose of this report is to provide an overview of progress made in the fulfillment of commitments on the various types of means of implementation. It is based on a desk review involving all substantive divisions of the United Nations Economic Commission for Africa (ECA), and was circulated for peer review to African regional and subregional organizations and sister United Nations agencies. The Regional Bureau for Africa of the United Nations Development Programme (UNDP/RBA) provided useful comments for the report.

The report is targeted at African member States, civil society, the private sector and development partners. The intent is to engender action on the part of all stakeholders, with a view to accelerat-

ing the implementation of Africa's sustainable development agenda. In this regard, it is targeted at African member States, regional and subregional organizations, and all partners and organizations. It is intended to inform deliberations during the Africa Regional Preparatory Conference for Rio+20 and serve as a reference document at Rio+20.

The report comprises nine sections. This introductory section provides the background to the discussions on means of implementation and their importance to the successful implementation of sustainable development commitments. This section also outlines trends in the discourse on means of implementation at various levels, and the purpose, scope and research methodology.

Sections 2 to 8 cover consecutively: financing for sustainable development, aid and development effectiveness, technology development and transfer; capacity development; globalization and trade; regional integration; and South-South cooperation. Each section is divided into the following subsections:

- (a) Commitments;
- (b) Actions taken and progress made;
- (c) Constraints and challenges; and
- (d) Lessons learned and the way forward.

Section 9 provides overall conclusions and key policy messages deriving from all seven sections.

II. FINANCING SUSTAINABLE DEVELOPMENT

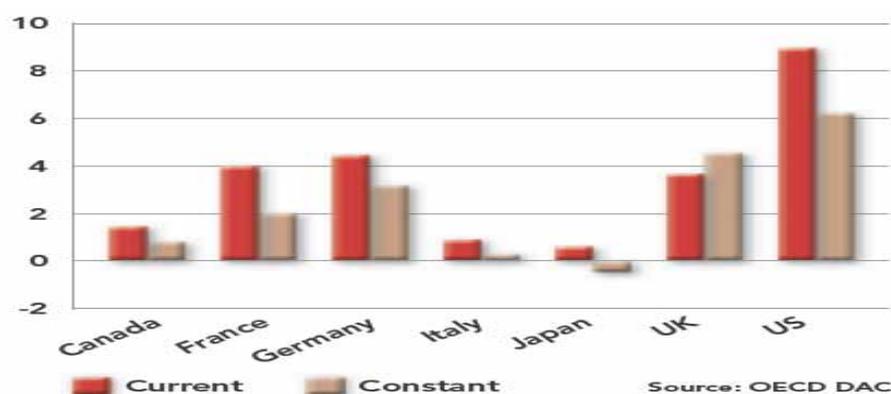
2.1 Commitments

African governments have, on several occasions, emphasized their commitment to mobilizing additional domestic resources, and improving the investment climate in order to attract increased domestic and foreign investment, albeit without setting quantified time-bound targets. They have also recognized the importance of domestic savings and improvements in public revenue collection, as well as the importance of private capital flows as sources for development. Furthermore, NEPAD identified improved governance as a pre-requisite for increased capital flow.

Developed countries have committed to reach the United Nations target of 0.7 per cent of GNP for ODA¹, 0.15 to 0.20 per cent of their Gross National Income (GNI) to Least Developed Countries (LDCs)² and to encourage the private sector, including transnational corporations, private foundations and civil society institutions, to provide financial and technical assistance to developing countries³.

Development partners also made specific commitments regarding debt relief and innovative financing mechanisms in 2005 (see figure 1). Such commitments on aid volumes were estimated at the time to entail an increase of \$US25 billion a year by 2010 from the 2004 baseline (in 2004 prices and exchange rates) (Earth Institute, 2011). Further commitments were made in 2009 to increase resources provided by the international financial institutions (IFIs), in response to the global crisis. However, there is no donor-wide commitment in relation to levels of development assistance to Africa beyond 2010, though some donors have made individual commitments (Annex 2).

Figure 1. ODA commitments for 2004-2009, \$US billion



Developed countries also agreed on the need to reduce unsustainable debt burden through such actions as debt relief and, as appropriate, debt cancellation and other innovative mechanisms geared to comprehensively addressing the debt problems of developing countries, in particular,

1 1970 General Assembly Resolution, commitment reaffirmed at the March 2002 International Conference on Financing for Development in Monterrey, Mexico and at the World Summit on Sustainable Development held in Johannesburg in 2002.

2 The Brussels Programme of Action (POA) for the Least Developed Countries (LDCs) for the Decade 2001-2010, 20 May 2001 available at http://www.un.org/special-rep/ohrls/lde/Contributions/Report%20of%20the%20LDC%20III_E.pdf

3 WSSD, Johannesburg Plan of Implementation, X. Means of implementation, §86.d, 2002

the poorest and most heavily indebted⁴. More precisely, the countries have proposed to augment debt relief to countries that reach completion point under the Heavily-Indebted Poor Countries (HIPC) Initiative, leading to 100 per cent cancellation of debt owed by them to the International Development Association (IDA), the African Development Fund (AfDF) and the International Monetary Fund (IMF)⁵.

At the United Nations Framework Convention on Climate Change (UNFCCC) Conference of Parties (COP) in Copenhagen, in December 2009, developed countries agreed to provide new and additional resources to the tune of \$US30 billion, over 2010–2012, to address the climate change financing needs of developing countries, and, more ambitiously, to jointly mobilize \$US 100 billion a year by 2020 from public and private sources, including alternative sources of finance⁶. To that end, it was agreed that the Copenhagen Green Climate Fund should be established, as an operating entity of the financial mechanism of the Convention, to support projects, programmes, policies and other activities in developing countries, related to mitigation including Reducing Emissions from Deforestation and Forest Degradation (REDD+), adaptation, capacity-building, technology development and transfer.

2.2 *Actions taken and progress made*

Domestic resources

Most African governments had made substantial progress before the crisis, in raising the ratio of government revenue to Gross Domestic Product (GDP), which increased from an average of 21 per cent to over 27 per cent from 2001 to 2008 for sub-Saharan Africa; the revenue/GDP ratio exceeded 40 per cent for North Africa in 2008. The domestic savings ratio, which includes both public and private savings, increased less sharply over the period. However, the ratio of revenue to GDP is estimated to have fallen back to 22.7 per cent in 2009, due to the impact of lower commodity prices and tax reductions/exemptions as part of a more expansionary countercyclical fiscal policy. Moreover, revenue performance remains jagged, even among similar countries. Although half of Africa is now collecting over 20 per cent of GDP in domestic revenue, a quarter of governments in sub-Saharan Africa still collect less than 15 per cent of GDP in domestic revenue (ECA and OECD, 2010).

Progress in meeting sectoral allocation targets has been patchy, though more systematic and comprehensive data is needed in this area. The increase in domestic savings has been concentrated in resource-rich countries. Overall, the savings rate remains significantly below that of other developing regions (ECA and OECD, 2011). There has been significant progress in tax transparency and information exchange, with nearly 400 tax information exchange agreements signed since the G20 Summit in April 2009 (ECA and OECD, 2010) to limit the illicit flow of capital within and outside the continent.

Another major source of domestic savings is **remittances sent by the African Diaspora**, which currently consists of more than 30 million individuals. It is estimated that these migrants jointly

4 WSSD, Johannesburg Plan of Implementation, X. Means of implementation, §89, 2002

5 The proposal is set out in the G8 Finance Ministers' Communiqué entitled "Conclusions on Development", issued on June 11, 2005.

6 UNFCCC 2009, Copenhagen Accord Decision 2/CP.15

contribute about \$US40 billion in remittances to their families and communities back home every year (IFAD, 2009).

External resources

Excessive emphasis on attracting **foreign direct investment (FDI)** may distort development policy in Africa, and in some cases, FDI could actually limit long-term growth potential (UNCTAD, 2005). In 2010, FDI flows declined from US\$ 72bn in 2008 to US\$ 58.6bn in 2009. The decline was equivalent to 0.34 percent of GDP as a whole. However, inflows to Africa's extractive industries increased, with strong performance from countries such as Algeria, Chad, Equatorial Guinea, Nigeria and the Sudan (ECA, 2011). External capital inflows contributed significantly to domestic investment and government spending in many countries.

Amongst the key initiatives in development finance is the recognition by the Monterrey consensus of **"the value of exploring innovative sources of finance"**⁷. Over the past two decades, there has been an all-out effort to pilot and implement a variety of new mechanisms; mobilizing countries at different levels of development to meet internationally-agreed United Nations Millennium Development Goals (MDGs). Some of the innovative financing mechanisms that were put in place to support sustainable development in developing countries include: **UNITAID**, the International Finance Facility for Immunization (**IFFIm**) for the **Global Alliance for Vaccines and Immunization (GAVI Alliance)**, **Advance Market Commitments**, the **Voluntary Solidarity Contribution for UNITAID**, **(product) RED** and the **Global Fund**, **Debt2Health**, the **Carbon Market**, and **Socially-Responsible Investments**⁸.

In June 2005, the proposed that three multilateral institutions - the IMF, IDA of the World Bank, and the African Development Fund (AfDF) - should cancel 100 per cent of the debt claims of developing countries that had reached, or will eventually reach, completion point (the stage at which a country becomes eligible for full and irrevocable debt relief) under the joint **IMF-World Bank enhanced Initiative for Heavily- Indebted Poor Countries (HIPC) Initiative**.

ODA to Africa is estimated to have risen to US\$46 billion in 2010, but the 2005 commitments have not been met. This is a record level, but the increase from 2004 is significantly below the level implied by commitments in 2005. Whilst the picture varies between individual donors, the main reasons are: a shortfall against the global commitments made in 2005, and the fact that Africa has received only around a third of the increase since then, rather than the half assumed at the time. Improving effectiveness also remains a key issue (ECA and OECD, 2011).

On climate finance, not enough progress has been made. The Green Fund, which was first included in the Copenhagen Accord, was established at COP-16 in Cancun. However, the operational details of the Fund are still being discussed; and unless they are agreed at COP-17 in Durban, the Green Fund will not bring about the desired outcomes in terms of facilitating access to financial resources for developing countries. Furthermore, flows of fast-start finance, to which developed countries committed at COP-15 in Copenhagen, are yet to pick up, while persistent lack of transparency in country allocations and selection of activities remains. African countries

⁷ Monterrey consensus on finance for development, Paragraph 44, 2002, available at <http://www.un.org/esa/ffd/monterrey/MonterreyConsensus.pdf>

⁸ Douste-Blazy, P, Innovative financing for development the i- 8 group Leading Innovative Financing for equity [L.I.F.E.] <http://www.un.org/esa/ffd/documents/InnovativeFinForDev.pdf>

have been calling for the establishment of an African Green Fund, to be managed by the African Development Bank, and from which priority mitigation and adaptation projects on the continent could be financed. Such a regional fund would facilitate access to resources and speed up disbursement of funds. This proposal will be at the heart of the negotiations at COP-17 in Durban, South Africa in December 2011.

2.3 Constraints and challenges

The current financial system is characterized by instability and highly uneven distribution of capital, while **African countries require adequate and long-term capital flows to sustain poverty-reducing growth**. Indeed, while Africa has experienced six years of strong growth, mainly driven by robust global demand and high commodity prices, the global financial crisis pulled growth trend down to 2 per cent in 2009 (ECA, 2011).

While Africa has, in general, benefited from FDI flows, concerns remain over the distribution of benefits between the origin and host country. FDI continues to be channeled mostly to the extractive industry. It is, therefore, sensitive to changes in ore prices, and does not always lead to strong multiplier effects for local economies, with limited job creation and transfer of technologies, as well as severe impacts on the environment.

While domestic savings followed an upward trend over the past decade, in 2009, this was interrupted and **Africa experienced a sharp drop in savings, while tax ratios remained very low, with 11 African countries raising less than 15 per cent of GDP in taxes**. Structural constraints and the effect of the financial crisis pose a serious challenge to increased government revenues (IMF, 2010).

Africa lost \$US854 billion in illicit financial outflows from 1970 through 2008, with the top five countries with the highest outflow measured being Nigeria (\$US89.5 billion) Egypt (\$US70.5 billion), Algeria (\$US25.7 billion), Morocco (\$US25 billion), and South Africa (\$US24.9 billion) (Global Financial Integrity, 2010). Policy measures must be taken to address the factors underlying illicit outflows. In addition, African countries must impress upon the G-20, the need for better transparency and tighter oversight of international banks and offshore financial centres that absorb these flows.

ODA to Africa has increased sharply in the post-Monterrey period. However, the target of 0.7, confirmed at Monterrey, is still out of reach and the quality of aid should be improved. Innovative sources of financing have developed, and many initiatives have emerged.

Both as a percentage of GDP and of exports, debt has declined since Monterrey; and 21 African countries reached completion point under the HIPC Initiative. However, sustainability remains a problem, due to new borrowings associated with the shocks of 2008.

Progress in the area of systemic issues has been disappointing. Despite its size, Africa has too little a voice in international institutions such as the World Bank, the IMF and the World Trade Organization (WTO) and at the G20. Furthermore, Africa's specific needs are not well taken into account in the current debate on reshaping the international financial architecture.

Africa has already been significantly affected by the food and fuel price shocks of 2008. It is being affected now by the downturn in the global economy, **speculations on commodity prices and increasing investments in biofuels, which in turn, aggravate the food crisis and social distress on the continent.**

2.4 Lessons learned and the way forward

Domestic resources

As the main means of increasing domestic resources, African States have identified the need for more effective tax collection to increase public resources, and to rationalize government expenditures.

African governments would need to strengthen domestic revenue mobilization and attract investments, through national policies that promote investment and through joint ventures and other modalities. Governments, with support from the wider international community, should tackle the loss of tax revenues through offshore non-compliance, and illicit financial flows.

In a bid to curb domestic savings losses resulting from capital flight, African countries have recognized the need to promote domestic and foreign private sector investments so as to become attractive locations, where residents could hold their wealth.

Lastly, African countries suggested the establishment of Special Drawing Rights for Africa and the extension of debt relief beyond its current levels (based on debt “sustainability”).

In general, African States would need to adopt a more proactive approach in financing development, particularly by:

- (a) Strengthening the institutional framework including financial markets;
- (b) Stepping up technical support and training for national capacity-building;
- (c) Increasing Africa’s voice and representation; and
- (d) Harmonizing national, regional and international efforts and pursuing policy coherence.

External resources

African governments should adopt a selective approach in accepting FDI, ensuring that it is channeled to sectors and activities that can support the pursuit of national development strategies. FDI should increasingly be channeled away from extractive industries to sectors where it can provide value addition, where decent jobs can be created, transfer of technology and know-how boosted, and the environment protected.

Developed countries should support the efforts of African governments to mobilize domestic revenue by significantly intensifying efforts to tackle issues such as tax havens, transfer pricing

and illicit capital flows. They should also enhance support in reducing the transaction costs of remittances.

Development partners need to deliver their commitments in full and in a predictable manner, to enable partner countries to plan effectively. They should deliver existing commitments to increase global ODA over the period 2010–2015, as well as increase Africa's portion, to better reflect its share of the world's poor in 2015. There is also a need to significantly accelerate efforts to improve aid effectiveness in order to reach the targets agreed in the Accra Agenda for Action, ahead of the Fourth Conference on Aid Effectiveness in Korea in December 2011.

Although it is the region, which contributes least to the problem of climate change, Africa will be profoundly affected by consequences. The continent, thus, has a major stake in the international climate change negotiations. It is relevant for developed countries to deliver the commitments made at Copenhagen and Cancun on climate finance, ensuring that this is new and additional financing, that substantial resources are delivered to Africa in line with its needs and the constraints on its own resources and that the delivery mechanism is cost efficient. Furthermore, urgent action is needed from development partners to deliver on the fast-start and longer-term climate finance agreed at Copenhagen and at Cancun.

III. Aid and Development Effectiveness

3.1 Commitments

Major global commitments on *aid effectiveness* are enshrined in the Paris Declaration (PD) on Aid Effectiveness (2005) and the Accra Agenda for Action (2008). The PD commits donors and partner countries to increase efforts in the harmonization, alignment and management of aid for results, with a set of monitorable actions and indicators. The AAA builds on these commitments (see annex 3). In addition to the aid effectiveness agenda, there is growing emphasis on *development effectiveness*. Indeed, achieving the objectives of development is not just a matter of aid flow, but also of ensuring that financial and human resources are used effectively. While aid effectiveness is focusing on ODA and its efficient and effective use, development effectiveness reflects the extent to which an institution or intervention, whether financed domestically or externally, has brought about targeted change in a country or the life of the individual beneficiary.

3.2 Actions and progress

The aid effectiveness agenda has drawn strong support from developing countries, civil society organizations, parliamentarians, global partnerships and donors worldwide. It has also contributed to progress against several MDGs, helping to produce impact more quickly and at a lower cost. While it is essentially about the quality of aid, it has underpinned significant increases in annual aid flows (see section). Developing countries are increasingly discussing their national development strategies with their parliaments and electorates (ownership); donors are increasingly aligning their aid to national strategies, and are working towards streamlining their efforts in country (harmonization) (OECD, 2008).

OECD (2008) summarizes **progress made on the aid effectiveness agenda**. The survey is based on responses by about 60 developing countries, many of which are from Africa⁹. Progress is most evident in commitments to untie aid, improve the quality of developing countries' public financial management systems, and that of technical assistance. With respect to country ownership, there are some encouraging examples. Zambia, for instance, has made good progress, deploying operational development strategies, introducing the Medium Term Expenditure Framework, and formulating new aid policy and strategy. Burkina Faso has also made strides by establishing a strategic framework for development, with clear priorities.

Concrete goals with targets are being increasingly employed as regards **mutual accountability**. The Africa Subregional Meeting on Mutual Accountability (Dar el Salaam, Tanzania, 24-25 January 2011) points out that mutual accountability should be understood in the broader context of all development results, not just aid effectiveness. In this respect, the experience of Ghana in the use of Performance Assessment Frameworks to cover, not only general budget support, but also all aid modalities and even non-traditional donors, is considered a success story.

Building partnerships for development is a principle enshrined in the Paris Declaration and reinforced in the AAA. Indeed, experience has shown that **strategic partnerships can significantly**

⁹ Benin, Burkina Faso, Burundi, Cape Verde, Cameroon, Central African Republic, Chad, Democratic Republic of the Congo, Egypt, Ethiopia, Gabon, Ghana, Côte d'Ivoire, Kenya, Liberia, Madagascar, Malawi, Mauritania, Morocco, Mozambique, the Niger, Nigeria, Rwanda, Senegal, Sierra Leone, the Sudan, the United Republic of Tanzania, Togo, Uganda and Zambia.

increase the impact of aid. African countries are represented in the Working Party on Aid Effectiveness, where a variety of topics related to aid effectiveness is debated and guidance developed.

In addition to the need for aid effectiveness, **development effectiveness is a critical element of sustainable development in Africa.** Development must be driven by robust, private sector-led growth and effective and accountable States able to finance their development needs from their own revenues. African governments have shown strong commitment and political leadership towards development effectiveness. For instance, under the coordination of the African Union and its NEPAD Agency, the African Platform for Development Effectiveness¹⁰ was launched in early 2011, to bring consultation, coordination and a common voice to Africa's development, and with a focus on capacity development, aid effectiveness and South-South cooperation.

There is anecdotal evidence supporting increasing efforts for aid effectiveness as a tool for development effectiveness. For example, an analysis conducted by the World Bank shows that the way rural water supply programmes were financed in Ethiopia affected their impacts. Schemes financed through parallel procedures and/or by undermining local accounting and procurement resulted in the lowest utilization rates. In Mozambique, following the floods of 2000, reconstruction programmes funded through the government's own budget were able to rebuild schools much quicker than those funded through parallel systems. There is, therefore, an urgent need now to shift the focus on implementing best practice rather than generating more guidelines (OECD, 2008).

While progress with aid effectiveness is measured based on a set of operational indicators contained in the Paris Declaration (see annex 4), development effectiveness is difficult to measure, as it essentially entails measuring economic, social and environmental progress at country level. However, given the nature of the MDGs as agreed on targets for development, progress towards the MDG targets can be considered as a proxy. The 2010 MDG Report (ECA, 2010) shows that most African countries are making steady progress relative to the baseline from which countries are assessed, in spite of the recent food, fuel, financial and economic crises. A key area of progress is the reduction in the proportion of undernourished people on the continent; Ghana, for example, has already met this target. The continent is also well positioned to meet the universal primary education and gender equality and empowerment goals. On the health front, commendable progress has been made in reducing tuberculosis, while the proportion of children sleeping under insecticide-treated bed-nets is increasing, in the drive to combat malaria (ECA, 2010).

The aid effectiveness agenda has contributed to progress against several MDGs. Anecdotal evidence suggest that aid effectiveness has indeed brought about significant improvements, helping to produce impact more quickly and at a lower cost (OECD, 2008).

3.3 Constraints and challenges

The integration of ODA into country budget is still poor. Furthermore, there has been limited progress in improving the quality of country national development plans; and even in countries that have made progress, linking strategies with budget resources remains a challenge. Development partners need to step up their efforts in coordinating missions and studies. African govern-

10 <http://www.africa-platform.org/>

ments, with their partners, need to develop and implement frameworks to monitor and account for results.

The existing fragmentation of monitoring and reporting systems means that developing countries' own systems are underused or at worst, undermined. For instance, in the Morogoro district in the United Republic of Tanzania, district health officials spend 25 working days each quarter writing reports for donors instead of delivering services (McKinsey, 2004). Moreover, there does not seem to be a strict correlation between the quality of Public Finance Management (PFM) and the use of country systems by the donors. In Ethiopia, for instance, which has one of the highest scores for quality of PFM, country system use by the major donors has hovered around 45 per cent on average. In Rwanda, where PFM improved from 2005 to 2008, country system use has improved only marginally, from 39 per cent to 42 per cent. Ghana, where the quality of PFM increased, actually experienced a decrease in donor use of country systems.

Non-DAC (Development Assistance Committee) aid providers, including global funds and private foundations, have an increasingly important role in terms of volume and delivery modalities, yet they tend to follow their own rules. The increasing importance of South-South cooperation poses challenges to aid effectiveness, with middle income countries (MICs) building horizontal partnerships to share development experiences, and knowledge playing a key role in the new cooperation architecture. Recipient countries are often ill equipped for dealing with these new partners, who have different set of conditionalities and aims. The balance between grants and concessional loans is also very different, raising key questions about the sustainability of South-South cooperation, in particular, between developing and emerging economies.

The challenges remain in the achievement of the MDGs, especially in the area of health. Achieving the goal of "health for all," as embraced in Almaty about 30 years ago, has proven to be difficult. Global partnerships have not delivered on all their commitments. For instance, various international commitments, including those made at Monterrey and Gleneagles, are yet to be fulfilled: inadequate financing thus remains a constraint. With the rate of progress on most of the goals slower than desired, it is unlikely that the region as a whole will achieve all the MDG targets by 2015.

3.4 Lessons learned and the way forward

The commitments on aid effectiveness are relatively fresh, and it is early yet, to effectively assess the benefits of the changes they have brought about. One of the key lessons that can be drawn from the progress to date is that, for aid effectiveness to be instrumental for development effectiveness, capacity and confidence in national systems are key.

In order to be truly supportive of long-term sustainable development, aid effectiveness must be seen in the broader context of development effectiveness. Greater investment in long-term capacity-building, institutional strengthening, knowledge and learning are required, for Africa to be able to lead its own development agenda. In this regard, the use of countries' own systems – while at the same time supporting their efforts to strengthen them – should become the norm. Not only would this decrease transaction costs and increase aid effectiveness, it would also further strengthen country institutional structures, thus furthering the development effectiveness agenda.

While the efforts of development partners are appreciable, it is crucial to ensure that best practices are implemented more widely. In this regard, non-traditional development partners such as emerging economies, foundations and global funds should adhere to the Paris Agenda and the Accra Agenda for Action, aligning their interventions to national strategies and priorities, reducing the transaction costs associated with their support, and ensuring long-term sustainability by transferring know-how and technologies, as appropriate.

The Fourth High-Level Forum on Aid Effectiveness in Busan, Korea, that will take place from 29 November to 1 December 2011, will offer a unique opportunity to address outstanding issues in the aid and development effectiveness agendas. Pertinent issues that could be tackled in Busan include partnerships for development effectiveness and for addressing global public concerns; diverse sources of finance; and fostering knowledge, expertise and institution building.

IV. Technology Development and Transfer

4.1 Commitments

Within the framework of the implementation of Agenda 21¹¹, JPOI and the NEPAD framework, countries have committed to a number of technology transfer initiatives such as:

- (a) Enhancement of appropriate incentives, fiscal or otherwise, to stimulate the transfer of environmentally-sound technology by companies, in particular, to developing countries, as integral to sustainable development;
- (b) Enhancement of access to and transfer of patent protected environmentally sound technologies, the purchase of patents and licenses on commercial terms for their transfer to developing countries on non-commercial terms, as part of development cooperation for sustainable development, taking into account the need to protect intellectual property rights¹²;
- (c) Stimulation of the building of joint ventures between small and medium-sized enterprises of developed and developing countries and countries with economies in transition, and cleaner production programmes in public and private companies;
- (d) Examination of financial intermediation for the financing of environmentally sound technologies, such as “green credit lines”;
- (e) Provision of financial resources to developing countries and development of financial mechanisms for the acquisition of environmental-sound technologies;
- (f) Need to take development into account in the process of negotiating an international code of conduct on transfer of technology, as decided by the United Nations Conference on Trade and Environment (UNCTAD) at its eighth session, held at Cartagena de Indias, Colombia, in February 1992; and
- (g) The call to support African countries in developing effective science and technology institutions and research activities capable of developing and adapting to world-class technologies.

Countries also highlighted the need to facilitate the maintenance and promotion of environmentally-friendly and sound indigenous technologies that may have been neglected or displaced, in particular, in developing countries, paying particular attention to their priority needs and taking into account the complementary roles of men and women¹³.

¹¹ United Nations General Assembly 1997, Programme for the further implementation of Agenda 21, Transfer of environmentally sound technologies, § Adopted by the General Assembly at its nineteenth special session., (23-28 June 1997)

¹² Rio Conference, Agenda 21, Section IV Means of implementation, Chapter 34, § 34.18 ii, available at http://www.un.org/esa/dsd/agenda21/res_agenda21_34.shtml

¹³ Rio Conference, Agenda 21, Section IV Means of implementation, Chapter 34, § 34.14 c, available at http://www.un.org/esa/dsd/agenda21/res_agenda21_34.shtml

Actions taken and progress made

Most of the technological applications being used in Africa are created using knowledge derived from research and development (R&D) investment made by other countries. Many of these business models and practices do not differ radically from those in use in the same sectors in developed countries (for instance, the Western Union money transfer system and Internet banking). Similar benefits of technology acquisition in Africa have been recorded even in traditional sectors such as agriculture, energy and mining (ECA, 2011c).

Although Africa does not feature highly among top locations that attract R&D projects, a few countries such as Algeria, Tunisia, Egypt and South Africa seem to have benefited from this trend.

In Africa, the most significant development in Science Technology and Innovation (STI) in the last decade is the establishment of the NEPAD Science and Technology Consolidated Plan of Action (CPA) and the African Ministerial Council on Science and Technology (AMCOST) of the African Union (AU) that drives the CPA. The CPA identifies key priority areas for Africa to work on, and the strategies and policy processes for their implementation. The United Nations supports NEPAD science and technology through its United Nations science and technology cluster consisting of over 10 agencies working through the Regional Coordination Mechanism (RCM) coordinated by ECA, in close collaboration with the AU Commission and AfDB.

At the national level, some African countries are in the process of establishing policies and institutions on STI for sustainable development, through their National Environment Management Authorities. However, these are mainly focused on the modern sectors of the economy such as industry and have not yet impacted traditional activities such as peasant agriculture.

Recent focus on science-based sustainable modernization of agriculture and rural transformation through the Comprehensive African Development Programme (CAADP) of NEPAD and the African Green Revolution Alliance, headed by former United Nations Secretary-General Kofi Annan, is very encouraging. Countries such as Ethiopia, Ghana, Malawi, Nigeria and Uganda are participating, using plans for modernizing agriculture or agriculture-led industrialization strategies.

As regards information and communication technologies (ICT), most African countries have developed National Information and Communication Infrastructure policies and plans, in the framework of the African Information Society Initiative, which establishes the necessary guidelines and institutional mechanisms to promote an environment that is favourable to competition and investment.

As far as the transfer of environmental technologies is concerned, a few technology transfer frameworks of benefit to the continent were established during the past two decades. They include:

- (a) The clean development mechanism (CDM). The main market instrument of the Kyoto Protocol is designed to transfer technology from developed to developing countries; and
- (b) Article 4.5 of the UNFCCC. This article aims to increase and improve the transfer of environmentally sound-technologies and know-how. Implementation of this Article was strengthened as part of the Marrakech Accords, where agreement was reached to work together on a set of technology transfer activities, grouped under a framework for meaningful and effective actions.

4.3 Constraints and challenges

STI has an important role to play in the attainment of the continent's sustainable development objectives. Yet, this is one of the most neglected sectors in the development drive of countries. Africa's continued low investment in science and technology is also manifested in the declining quality of science and engineering education at all levels of educational systems. Institutions of higher education, particularly, universities and technical colleges, are in urgent need of renewal after many years of neglect and disorientation from local and national priorities. However, developments at the international and regional levels from 2000 to date provide new sources of optimism and action.

The lack of awareness of a number of African governments on the crucial role of science, technology and innovation in the implementation of a sustainable development agenda is resulting in low investment in science and technology and declining quality of science and engineering education at all levels of educational systems.

Other problems plaguing the continent's science, technology and innovation system include weak or no links between industry and science and technology institutions, a mismatch between R&D activities and national industrial development strategies and goals. As a result, research findings from public research institutions do not get accessed and used by local industries, particularly, small and medium-sized enterprises.

The transfer of technological knowledge is often an issue that is not well addressed by countries of the region. For example, the continent registered limited increase in R&D expenditure by foreign affiliates, attracted very few R&D projects, and recorded the lowest growth in foreign patent applications and trademarks granted. There are very few R&D experts in the continent. In many countries, infrastructure for R&D has been neglected and is decaying. And it was observed that Africa is the only region where patent applications have actually fallen between 1990 and 2004 (WIPO, 2005).

4.4 Lessons learned and the way forward

Access to technology can be instrumental in improving management of the environment and natural resources, helping to sustain economic activity that relies on them. It can also create new economic opportunities. Thus, a transition towards a green economy provides an opportunity to adopt policies and legislation that encourage technology transfer such as design of intellectual property rights, the removal of trade barriers to the transfer of green technologies and international cooperation on green technology transfer in sectors such as agriculture, renewable energy, transport or water.

Technology transfer is an issue of some prominence at the macro level in negotiations between developed and developing countries, especially in the context of trade liberalization, climate and protection of the environment (UNIDO, 2002). This provides an opportunity for African countries to address issues of importance to the continent such as indigenous knowledge and technologies that could be applied in the field of medicine and sustainable buildings.

The creation of an enabling environment for the transfer of environmentally-sound technologies also entails government actions, such as fair trade policies, removal of technical, legal and administrative barriers to technology transfer, sound economic policy, regulatory frameworks and transparency, all of which create an environment conducive to private and public sector technology transfer. Capacity-building in the area of technology is pertinent for the region to enable it to achieve a smooth transition to a low-carbon based economy and sustainable technological growth.

A few simple measures that countries could implement to promote technology transfer and innovation are:

- (a) Promoting industry-academia-government (triple helix) partnerships to identify, acquire, adapt, upgrade and diffuse new and emerging technologies as well as incubate and nurture start-ups. Each of these players brings unique advantages that could reduce costs and risks associated with technology transfer;
- (b) Contracting should be used to facilitate technology transfer through requirements that encourage joint ventures and projects between domestic and foreign firms, and between domestic industries and R&D centers;
- (c) Establishing industrial alliances between domestic and foreign firms, especially those in which the government participates, invests or acts as guarantor, could serve as a driver for technology transfer, learning and innovation; and
- (d) Enhancing international science and technology cooperation agreements between African countries and leading or emerging technology exporters could be developed with a focus on joint research projects, exchange of expertise and knowledge, pooling of resources and exchange of good practices.

All these measures are not mutually exclusive and thus can be mixed, recombined and refined to come up with innovative organizational arrangements to suit national circumstances. Furthermore, incentives for technology development, transfer and diffusion could also be built in these models. Other measures such as incubators, science parks, and industrial districts could be tailored to promote these models and vice-versa. The main objectives behind each of these recommendations are to encourage private sector involvement in innovation, leverage limited human, financial and institutional resources through partnerships and cooperation, and encourage learning through exchange of best practices and wider diffusion of technology.

V. Capacity Development

Capacity development is a necessary strategy to ensure the transformation of societies and the achievement of sustainable development. Capacity development is thus understood to be broader than education, taking into account the need for institutional innovation, behavioural changes, and development and use of skills that are well suited to sustainable development goals.

5.1 Commitments

The commitments contained in A21, the PFIA21 and JPOI range from primary education for all to the integration of sustainable development in school curricula, the establishment of vocational training centres to develop specific skills, and strengthening the scientific basis for sustainable management. In addition to these specific commitments on means of implementation, capacity-building is a cross-cutting issue in all areas of sustainable development.

Developing countries and development partners have reaffirmed the MDG commitments towards primary education, and strengthened their support for secondary education, continuous learning and vocational training that respond to the specific needs of communities. WSSD called for supporting initiatives at all levels to develop, use and adapt knowledge and techniques, enhance networks and regional centres of excellence, assess capacity-building needs and design and implement strategies to address them.

Capacity development as a cross-cutting issue also features prominently in commitments taken in the context of trade negotiations and specific multilateral environmental agreements (MEA), where African governments and development partners have committed to strengthen the capacity of developing countries to: implement trade policies that are conducive to sustainable development; foster public-private partnerships, promote policies conducive to sustainable management of their natural resource base; enhance their capacity to meet commitments under MEAs, including those related to planning and reporting, and capacity development assessments.

5.2 Actions taken and progress made

African governments have signed up to the **Education for All** (EFA) programme of action. The Second Decade of Education for Africa (2006-2015) has built on gaps identified in the first education plans, moving beyond primary school enrolment (ECA and OECD, 2011).

Africa has developed and adopted a continent-wide strategy on capacity development – the Capacity Development Strategic Framework (CDSF). The strategic framework is founded on the NEPAD principles of African leadership, ownership, resourcefulness and innovation. Capacity development as envisaged by CDSF entails action on six areas: leadership transformation; citizenship transformation; knowledge and evidence-based innovation; utilizing African potential, skills and resources for the advancement of the continent; developing capacity of capacity developers; and integrated planning and implementation for result. Targeted work is being undertaken in Ghana, Kenya, Rwanda and Uganda, with the aim of mainstreaming CDSF in national strategies.

A recent survey of 34 African countries highlights that 70 per cent had **mainstreamed capacity-building in their national development plan vision or strategy**, and 54 per cent had specific national programmes for capacity development (The African Capacity-Building Foundation, 2011). African countries have made strategic choices and improved the policy environment for capacity development through the establishment of national development strategies, effective dialogue mechanisms, and growing partnerships. Primary education remains a high national priority, but increasing emphasis is given to secondary and vocational training.

Capacity development is now a cross-cutting element of development assistance, in all aid delivery modalities. The European Union (EU), for instance, integrates elements of institutional and capacity-building in all its budget support programmes. More than half of all technical co-operation is coordinated and aligned with the capacity development programmers of countries (OECD, 2008). Specific and targeted capacity development support and technical assistance are also provided by several bilateral and multilateral donor agencies. For instance, the World Bank, the African Development Bank and the United Nations Development Programme have contributed to the establishment of the African Capacity-Building Foundation (ACBF), with the objective to build human and institutional capacity for sustainable growth and poverty reduction in Africa. At the end of 2009, the ACBF portfolio comprised 111 projects and programmes, mostly focusing on economic policy management/training institutions, but also tackling capacity-building of national parliaments and parliamentary institutions.

Skills development is a critical element to promoting sustainable development, in particular, in light of the need to foster the transition to a green economy for sustainable poverty eradication. Yet, progress on secondary and tertiary school enrolment has been slow. Only 34 per cent of the age cohort in sub-Saharan Africa enrolled in 2007 (as compared to 24 per cent in 1999). Enrolment in tertiary education increased slightly in sub-Saharan Africa, from 5 per cent to 6 per cent over 2006-2008, but is still insufficient to meet demand, given the low baseline, and widened gap with other regions (ECA and OECD, 2011). Moreover, the expatriation of qualified people remains a significant problem.

Many developing countries still face significant challenges in adjusting to trade liberalization and capturing the benefits from new market access opportunities. The Aid for Trade (AfT) agenda took shape in response to **the need for capacity development for trade**. Africa was the main recipient of AfT in 2009 as commitments rose to \$US17 billion (ECA and OECD, 2011). Sub-Saharan Africa had a disproportionate share of increased Aid for Trade commitments in 2007, but the increases in 2008 were mainly to countries north of the Sahara, with economic infrastructure, as the main target. The focus has been on infrastructure and productive capacity, including support for the North-South Corridor project. AfT flows were also less volatile than total ODA during the period 2006-2009, in both commitments as well as disbursements to Africa (ECA, 2011).

5.3 Constraints and challenges

Despite significant progress in school enrolment rates, **completion rates remain low**, with an average of less than 70 per cent. Inequities such as the rural-urban divide, gender differences and income distinctions remain serious impediments to higher enrolment and completion rates. Girls in the poorest 20 per cent of households are 3.5 times more likely to be out of school than girls

in the highest income groups and 4 times more than boys in the higher income groups (ECA and OECD, 2011).

The quality of education remains a challenge. The number of qualified teachers is well below the requirement, with an estimated shortfall of 3 million teachers. In 2007, 22 African countries had pupil teacher ratios at primary level above the international norm of 1:40 (ECA and OECD, 2011).

Despite the fact that many African countries have developed strategic policy documents to guide capacity development; **the rate of progress is inadequate to meet education and capacity-building commitments.** Technical assistance for education and capacity-building remains fragmented; it is often not aligned with government strategies, or not responding to government priorities.

Ensuring **the retention of trained staff** is still a critical problem for many African countries. The health sector is an example of the problem, a sector which is continuously hampered by the outflow of trained staff.

Developing and least developed countries that have recently acceded to the World Trade Organization (WTO) have taken on obligations far in excess of those that apply to existing members, and at times exceeding those of developed country members. **The current procedure for accession to the WTO is inequitable**, as it allows for inappropriate political leverage, and may work against the basic objectives of the WTO system in general (Cosby, 2009). Furthermore, accessing AfT remains difficult – for instance, a survey by the OECD indicates that over 60 per cent of partner countries have specific challenges accessing aid for trade from Development Assistance Committee (DAC) donors and multilateral agencies – with the most frequent obstacle being conditionalities attached to AfT (OECD, 2011).

5.4 Lessons learned and the way forward

Over the last decades, increasing attention has been paid to education, as an enabling tool for the achievement of sustainable development. The importance of capacity development and institutional strengthening has also moved to the centre of Africa's sustainable development agenda, with a view to ensuring that African governments are able to take charge of their own development path. While progress has been made, inadequate capacity – both at the institutional and individual levels – remains one of the critical missing elements for Africa's development.

While there is a clear understanding around education for development, capacity development is still an ill-defined area of development practice, with limited knowledge and understanding of progress so far. Capacity-building is a long-term process that requires a systemic approach. It is critical that African governments, together with their partners, undertake an exercise to develop capacity profiling and needs assessments at all levels with clear and measurable progress indicators to monitor interventions that address the Continent's specific development challenges.

Capacity development and retention are necessary elements of development effectiveness, enabling governments and citizens to choose their development path. In this regard, it is critical that

African governments elaborate national capacity development strategies that should not only address the issues of education, capacity development and institutional strengthening, but also take a broader perspective, embodying all aspects of capacity development, including human resource development, organizational development and institutional development. Sustainable development should therefore be at the heart of any capacity development strategy.

Strategies to ensure that technical assistance passes on the required skills to local experts are urgently needed, together with an effort to ensure a decent working environment to professional staff in an attempt to reduce the “brain-drain” that plagues many African countries. Indeed, training is only part of the solution, as low salaries and poor working conditions also contribute to the high outflow. What is needed is a comprehensive approach to capacity development and human resource management. This is all the more important, given the increasing focus on the crucial role of institutions in development.

Development partners, including non-traditional donors, should ensure that capacity and institutional development are accorded the necessary priority, both as a cross-cutting issue in all development cooperation, and through targeted interventions, aligned with nationally-identified needs and priorities. In this regard, the strengthening of existing networks and centres of excellence in Africa, as hubs for Africa’s education and capacity development, is crucial to enabling them to effectively address new and emerging issues and challenges. A key priority should be strengthening networking among institutions in Africa, and between African and non-African capacity development institutions.

VI. Globalization And Trade

International trade has long been recognized as an important ingredient for economic growth and development. The link between trade and development is highlighted in A21, and further reiterated in the JPOI and the Doha Ministerial Declaration.

6.1 Commitments

Developed and developing countries have committed to ensuring that the international trade regime is equitable, and that it benefits developing countries, in particular, the least developed. This entails promoting market liberalization and market access for developing countries, and fostering social and environmental standards that would foster sustainable development without becoming barriers to trade.

The international community has further committed to fully implement the provisions of the Agreement on Trade-Related Aspects of Property Rights (TRIPS) on protection of public health, to strengthen the link between trade and environment and promotion of mutual support between WTO and MEAs, and to help developing countries reduce their economic vulnerability by supporting economic diversification. Furthermore, in response to the global financial and economic crises, developed countries have pledged to keep markets open, and refrain from raising trade barriers and imposing export restrictions.

Specific commitments have also been made for Africa, in particular, to transform Africa into a net exporter of agricultural products, to promote flows of foreign direct investments, and improve market access, in particular, for the rural poor.

Furthermore, Africa has committed to increasing intraregional trade through, *inter alia*, the promotion of cross-border interactions among African firms, and the establishment of joint infrastructures.

Actions taken and progress made

At the international level, the Doha talks have included discussions on implementation, capacity-building, environment, Aid for Trade, and special and differential treatment. In 2010, there was some progress on specific issues, such as the “banana deal”, the cotton trade and the negotiations on non-tariff barriers, and notable engagement of the African Group. However, domestic support and export subsidies (including for cotton) remain high in major OECD economies.

A joint monitoring report of WTO, OECD and UNCTAD indicates that G20 governments have largely resisted pressures to erect new trade restrictions, as a measure to protect domestic industries, in response to the economic and financial crises. However, existing restrictive measures persist. **In 2010, there was marked increase in the number of new initiatives introduced to facilitate trade**, especially by reducing or temporarily exempting import tariffs and by streamlining customs procedures (ECA and OECD, 2011). Progress with respect to removing domestic subsidies has been mixed. Furthermore, developing country agricultural exporters face protec-

tion in Northern markets seven times as high as exporters of manufactures. The agricultural sector remains the most distorted.

Cooperation agreements and regional trade are critical for sustainable development in Africa. At the regional level, tariffs have, on average, fallen. Progress is being made on establishing regional free trade areas (FTAs) and customs unions. An ambitious project of an FTA between the Common Market for Eastern and Southern Africa (COMESA), the East Africa Community (EAC) and the Southern Africa Development Community (SADC) has the potential to integrate half of the countries in Africa. Joint infrastructure projects, such as the North-South Corridor, have been initiated as part of this. During the global crisis, intraregional trade proved more resilient than international trade, also showing a lower dependency on international commodity markets. Despite this positive sign, the level of trade integration within Africa is still much lower than in other regions.

Several African countries and Regional Economic Communities (RECs) are involved in bilateral or trade negotiations to diversify their export markets and enhance their integration into the global economic system.

6.3 Constraints and challenges

Africa's marginalization in the global market persists. The use of preferential market access schemes remains limited by fragmented and complex rules of origin. Moreover, the tariffs imposed on developing country imports far exceed those on imports from developed countries. African governments are wary that environmental, health and safety standards may be non-tariff barriers to trade in disguise. Indeed, environment and health-related requirements are becoming increasingly stringent and complex. There is therefore a need for dedicated capacity-building as part of the AfT efforts, with a focus on meeting standards in export markets (Cosbey, 2009).

Economic diversification remains a challenge. African exports remain poorly diversified in terms of both structure and destination. Eighty per cent of Africa's exports are oil, minerals and agricultural commodities. Europe and North America continue to absorb most African exports, though trade with emerging economies is rapidly growing.

Africa's heavy dependence on natural resource exports is a persistent problem, owing to their exhaustibility and over-exploitation, negative externalities associated with their extraction and consumption, and price volatility. Effective management of the production and export of natural resources often requires a leading role for the State (ECA, 2011), with a view to capturing resource rents, minimizing the negative impacts of resource extraction and consumption, and ensuring that resource-based revenues are invested in the development of the country. Furthermore, natural resource abundance is often associated with distorted incentives to diversify, and rising commodity prices have not led to the desired changes in material/energy efficiency and changes towards sustainable production and consumption patterns.

Existing preferential trade arrangements perpetuate the existing structure of African exports, while the new Economic Partnership Agreements (EPAs) under negotiation may force African countries to liberalize too rapidly, with a bias towards Europe to the detriment of con-

tinental integration. EPAs, as currently crafted, may even stall the COMESA-EAC-SADC tripartite efforts for a single FTA.

While there has been some progress on specific issues related to **property rights and development**, the TRIPS agreement often forces developing countries to shut down imitators that produce cheap copies of patented goods. In the case of pharmaceuticals, developing countries lose their supply of cheap generics, and as well as the industries that could have grown to eventually do their own product development.

6.4 Lessons learned and the way forward

The world economy is slowly recovering from the effects of the global financial and economic crises of 2008–2009. African economies have recovered better than expected, with an aggregate GDP growth forecasted to rise to 5.0 per cent in 2011, up from 4.7 per cent in 2010. Yet, Africa continues to be marginalized in the global market. The use of preferential market access schemes remains limited, and barriers to trade of Africa's products continue to exist. The continued dependence on a few commodities, often natural resources, is a persistent problem that exposes the continent to external shocks. However, the green economy can offer significant opportunities for Africa that could turn its dependence on natural resources into an asset.

It is critical that African countries continue to strengthen their efforts to diversify the economy and decrease their reliance on a limited number of commodities traded on the international market. The African continent is endowed with a very rich and diverse natural resource base, which provides goods and services to communities, and may also be developed into a true engine of growth, through services such as payment for environmental services, provision of pharmaceuticals, input into goods produced in Africa and elsewhere, and sustainable tourism. The growing demand for sustainable products – from certified timber to fair trade coffee – offers important international trade opportunities for Africa's emerging environmental goods sector.

African countries need to be involved, at the initial stage, in setting the standards for products traded internationally. A proactive approach is also needed to ensure that they can fully benefit from the opportunities offered by standards and labeling schemes, such as expanding markets for organic products, with catalytic effects on resource efficiency and occupation safety.

The global economic and financial crises offer important lessons for Africa. A diversified economy can play a critical role in reducing Africa's vulnerabilities to external shocks. While trade is clearly an important element of sustainable development in Africa, African governments must ensure that their economies do not rely solely on international trade for economic growth, as this would over-expose them to the vagaries of international markets. In this regard, regional integration must continue to be strengthened as a critical means towards sustainable development, as regional trade is more resilient than international trade, and can further promote food security in Africa.

In order to reap the benefits offered by trade, however, Africa's special circumstances and interest must be well represented in international fora. Despite its size, Africa has too little a voice in international institutions such as the World Bank, the International Monetary Fund (IMF) and WTO, and at the G20. Indeed, Africa's specific needs are not well taken into account in

the current debate on reshaping the international financial architecture. It is thus of paramount importance that Africa's special circumstances and interests are fully reflected in the international governance set up. With respect to trade, Africa needs to engage more forcefully in WTO negotiations, to ensure that her policy agenda is reflected in the outcome of negotiations, thus ensuring that appropriate flexibilities and special and differential treatment are an integral component of the deal.

Africa's interests must also be reflected in other negotiation fora, such as the UNFCCC and the Convention on Biological Diversity (CBD) where many opportunities in carbon trading and biodiversity-based resources could help generate additional revenue sources, create jobs, and support sustainable development in the region. In this context, it is important that the CDM is reformed to include a sectoral or programmatic approach to facilitate Africa's participation in the market.

The challenge of climate change offers further opportunities linked to trade. Africa's vast forest resources could, for instance, provide significant carbon sequestration services, commanding a price in the international market for carbon offsets. Potential investments in forestry initiatives linked to REDD+ are estimated at \$US4 to \$US 7 billion per year for 2015, rising to \$US 14 and \$US20 billion per year by 2030. The inclusion of agriculture in the carbon market would also generate significant opportunities for Africa – fostering at the same time the development of sustainable agricultural practices while contributing to mitigating climate change (ECA, 2010).

African governments should continue to engage in the climate change negotiations, to ensure an outcome that recognizes and develops the many opportunities for mitigation offered by the continent, while at the same time fostering development through transfer of financial resources and/or technologies. Furthermore, African negotiators need to ensure that climate change policies do not lead to further restriction on trade through, for instance, border tax adjustment measures.

VII. Regional Integration

7.1 Commitments

Africa's strong leadership in regional integration: African governments have long recognized the achievement of regional cooperation and integration as a means to accelerating and consolidating economic and social development. African countries have therefore demonstrated strong commitment to achieving regional cooperation and integration. This is exemplified by the creation in 1963 of the Organization of African Unity (OAU), not long after many African countries had attained political independence.

In 1980, African countries adopted the Lagos Plan of Action (LPA) with the set objective of achieving effective regional integration through national and collective self-reliance. The Abuja Treaty, which was signed in 1991, provides for the creation of the continent-wide African Economic Community (AEC) by 2027. The treaty committed the continent along the path of economic integration. NEPAD, adopted by African countries in 2001, acknowledges the need for African countries to pool resources and enhance regional development and economic integration, in order to improve their international competitiveness. In November 2010, the Sixth Ordinary Session of the Conference of African Ministers of Trade adopted a recommendation to fast track the establishment of a Continental Free Trade Area.

International support: In 2002, the WSSD urged the international community to support African countries to improve regional trade and economic integration between African countries and to attract and increase investment in regional market infrastructure. In addition, development partners have pledged to support the regional cooperation and integration process. The EU Strategy for Africa emphasized support for regional integration and development strategies and programmes of the various RECs, including the creation of regional integrated markets. In the Heiligendamm Summit Declaration on Growth and Responsibility in Africa, commitments were made to support regional integration and the Capacity Development Initiative for Regional Economic Communities.¹⁴

7.2 Actions taken and progress made

African countries have taken a wide range of concrete actions towards deepening regional cooperation and integration. Some of the main actions taken and the progress made are indicated in the subsequent paragraphs.

Regional level: The transformation of the OAU into the African Union, as enshrined in the AU Constitutive Act adopted in 2000, set in motion to deepen progress towards regional integration. The main goal of the African Union is to improve the quality of life of the Citizens of the region through integration, cooperation and development (AUC, 2009). This has been followed by various actions in support of the integration agenda. These include, the Ninth African Union Ordinary Session held in 2007, which adopted a declaration to accelerate economic and political integration of the African continent, including the formation of a Union Government for Africa, with the ultimate objective of creating the United States of Africa. The declaration also called for

¹⁴ <http://www.commit4africa.org/category/sector/development-partnerships>

the rationalization and strengthening of the Regional Economic Communities, and to harmonize their activities, so as to lead to the creation of an African Common Market.

Continental institutions have been set up and strengthened. Among these are the African Union Commission and the NEPAD Coordinating and Planning Agency. The Pan-African Parliament has also been established and is helping build broader consensus on issues such as the regional integration agenda. The setting up of other key continental institutions, namely the African Investment Bank, the African Monetary Fund and the African Central Bank is being accelerated.

The Minimum Integration Programme (MIP) has been developed to streamline and fast track the integration process. The MIP will, among others, strengthen convergence of RECs. Already RECs are being rationalized. This has led to the recognition by the AU of only eight RECs. These are: the Arab Maghreb Union (AMU), COMESA, The Community of Sahel-Saharan States (CENSAD), the Economic Community of Central African States (ECCAS), Economic Community of West African States (ECOWAS), EAC, the Inter-Governmental Authority on Development (IGAD) and SADC. Other priorities of the MIP include, infrastructure and energy, free movement of people, goods, services and capital; peace and security; agriculture, trade and industry. The AU-led Programme for Infrastructure Development in Africa (PIDA) is an integral element in enhancing physical integration of the region.

In order to promote shared and collective responsibility, the African Charter on Democracy, Governance and Elections was adopted by AU Heads of State and Government in 2007. This charter serves as a resolve and a firm basis for collective and united action when required. In addition, in 2009, African Heads of State and Government also adopted the African Charter on Statistics. This Charter, among others, is serving as policy framework and advocacy tool for statistical development in Africa.

Collectively, Africa entered into a number of external partnerships, demonstrating a regional approach to external cooperation. These partnerships include the multilateral partnerships in the framework of the WTO and the African, Caribbean and Pacific Group of States (ACP)–EU Economic partnership agreements.

Strengthening cooperation and integration at the subregional level: According to AUC (2011), the RECs, which are the building blocks for Africa's regional integration, have made variable progress in fostering regional integration. The progress made by the various RECs are indicated in the subsequent paragraphs.

The Economic Community of West African Countries has achieved the status of a Free Trade Area which is being implemented through the ECOWAS Trade Liberalization Scheme. Progress has also been made in the establishment of a Common External Tariff and harmonization of Valued Added Tax within the subregion. ECOWAS is also in the process of creating a second monetary zone for the countries that are not members of the Franc Zone. The REC has also made progress in the setting up and operationalization of subregional specialized institutions including, the Bank for Investment and Development, the West African Monetary Institute, the West African Health Organization, the West African Monetary Agency and the Water Resources Coordination Unit. Sectors where integration, coordination and scaling up

programmes are underway, include transport, telecommunication, energy, science and technology and HIV/AIDS prevention.

The Common Market for Eastern and Southern Africa has also established a Free Trade Area covering 14 States. It has also established a customs union and in this regard, and developed a number of market-oriented programmes. A draft policy framework on liberalization of services has been prepared and is awaiting finalization, to facilitate trade in services like air transport, motor vehicle insurance, insurance, shipping and roads. COMESA has adopted protocols on facilitation of free movement of persons. In the area of institutions, the Preferential Trade Area (PTA) continues to be very active in promoting investments and providing trade financing facilities. Other institutions set up include the COMESA Clearing House, the Re-Insurance Company, and the African Trade Insurance Agency. COMESA has also made significant progress at sector level including in Infrastructure and Agriculture and food security. In the agriculture sector, COMESA is implementing several programmes with a view to increasing the agricultural productivity of the region. COMESA is also establishing cooperation arrangements with other RECs. For instance, a Memorandum of Understanding has been signed with EAC, IGAD and the Indian Ocean Commission (IOC). These organizations have agreed to adopt and implement the COMESA trade liberalization and facilitation programme. COMESA and SADC have also set up a Joint Task Force to harmonize their programmes.

Economic Community of Central African States (ECCAS). ECAAS has also established a free trade area. Although the community has made little progress in facilitating the free movement of persons and goods, services and capital, the member States have adopted a plan for gradual scrapping of tariff fees on intra-community trade. The REC has however made significant progress in promoting peace and security in the subregion. At the sector level, ECCAS has made progress in energy where a specialized subregional institution, the Energy Pool of Central Africa, has been established to promote cooperation between member States. Other sectors where progress has been registered include: telecommunication and information, communication technologies, and agriculture.

The Southern African Development Community achieved Free Trade Area status in January 2008. Studies are underway to establish a customs union. Free movement of persons has been facilitated through waiver on visa requirement for a period of stay not exceeding 90 days. Some progress has also been made in accelerating free movement of goods, services and capital. At the sector level, SADC has made significant progress in infrastructure and services. In the energy sub-sector, the Southern African Power Pool was established in 1995 to expand electricity trade, reduce energy costs and provide greater supply stability for the region's national utilities. Progress is also being made in telecommunications, groundwater, drought management, tourism, food, agriculture and natural resources.

East African Community: In addition to achieving the Free Trade Area, EAC has established a customs union, which took effect on 1 January 2010. In this regard, a zero tariff is applied on trade in goods from partner States, with a few exceptions, based on an agreed upon "list of sensitive goods". The REC is working towards establishing a monetary union by 2012. EAC has also made progress in transport and communications, including the East African Road Network Project. In the energy sector, a Power Master Plan has been developed. This Plan envisages a

timeframe of up to seven years to become a fully fledged regional power system with the creation of a power pool as a central feature.

Inter-Governmental Authority on Development. Actions to promote the free movement of persons and goods, services and capital are in the initial stages. However, IGAD has been successful in implementing its mandate by establishing effective and efficient mechanisms, networks, processes, specialized institutions and partnerships for the execution of its subregional activities. In this regard, institutions established include the Conflict Early Warning and Response Mechanism in Addis Ababa, the IGAD Business Forum now in Kampala, the IGAD Climate Prediction and Application Centre for Monitoring and Forecasting in Nairobi. IGAD has also established the IGAD Capacity Building Programme against Terrorism in Addis Ababa. In the trade sector, IGAD is working with COMESA to promote common and mutual programmes on trade to avoid duplication of efforts and resources. It is notable that IGAD is a member of the Inter-Regional Coordination Committee (IRCC) that deals with coordination mechanisms with other regional economic groupings. These include COMESA, EAC, the Indian Ocean Commission (IOC) and SADC.

Community of Sahel-Saharan States (CEN-SAD): CEN-SAD is working towards the establishment of an FTA. As part of its trade, integration and social development programme, CEN-SAD has launched the process of trade liberalization and the free movement of people. CEN-SAD is in the process of elaborating a protocol on the free movement persons. This will build on the various articles on free movement of persons that are contained in the statute establishing CEN-SAD. It is noteworthy that already, the measure on selective dispensation of visaa has been formalized through a decision signed by 17 member States in May 2009. Furthermore, the REC has established the Sahel Saharan Bank for Investment and Trade. In the area of peace and security, CEN-SAD has managed to adopt the protocol on mechanism of prevention, management and conflict prevention, the convention on cooperation on matters of security and the charter on security.

7.3 Constraints and challenges

In spite of the progress made, there are still a number of challenges and constraints to accelerating regional integration in Africa. These are indicated in the subsequent paragraphs.

Multiplicity of RECs and overlapping memberships: This makes Africa's regional integration institutional arrangements too complex, too duplicative, and requiring too much political energy and money for what is being produced. Moreover, RECs also have ambitious programmes, but limited planning, implementation and financing capacities.

Fear of losing sovereignty: Member countries of RECs have not followed integration arrangements in the strict sense, because they fear that the costs of losing sovereignty far outweighs the costs of not implementing integration policies. Most secretariats of the RECs have no legal power to ensure that member countries fulfill their obligations, rendering the road to the AEC very bumpy.

Conflicts in some member States: These hinder integration and development by hampering economic activities and destroying infrastructure. These conflicts also pose a serious impediment to the flow of trade and investment.

Lack of a self-financing mechanism: Fast regional integration is impeded by the fact that RECs and other regional integration organizations do not have mechanisms to self-finance the various regional integration initiatives and programmes.

Lack of a compensation mechanism: The lack of a compensation mechanism for the losers of the integration process also acts as a constraint to the full implementation of integration schemes. Tariffs and other trade taxes account for a large share of the revenues for many African countries. The potential loss of this size of revenue, if all the protocols of the integration process are implemented, could inhibit the integration process, even if the potential benefits of integration outweigh the cost (ECA, 2008).

Weak institutions and integration of the integration agenda at national levels: There is inadequate internalization of agreed integration objectives at the national level. This is manifested in the weak national mechanisms for coordination, implementation and follow-up of commonly defined goals and objectives. This translates into poor or inadequate implementation of the agreed integration protocols, strategies and programmes.

Weak intra-REC trade: In spite of the growth trends in intra-REC trade, it remains insufficient due to trade barriers. The pattern of REC exports continues to be strongly influenced by historical links with the outside world.

Inadequate physical integration: While African countries have made significant strides in setting up institutional arrangements for regional integration, physical integration is lagging behind. Therefore, the achievement of desired regional integration development outcomes such as increased trade and mobility of goods and labour is being hampered. The challenge is thus to mobilize financial resources to scale up and maintain critical infrastructure such as road and railway networks.

7.4 Lessons learned and the way forward

Although it remains uneven across RECs, member States and sectors, progress is being made towards strengthening regional cooperation and integration in Africa. The establishment of strong continental institutions such as the African Union and the NEPAD Planning and Coordinating Agency, the ongoing rationalization of RECs, removal of trade barriers and expansion of programmes for physical connectivity and energy pooling are major initiatives and significant steps toward enhancing regional integration in Africa.

The role of regional integration in promoting economic diversification, expanding markets, pooling and more efficient allocation of resources, and addressing trans-boundary as well as globalization issues and challenges confronting Africa, makes it a crucial vehicle in the realization of Africa's sustainable development aspirations. Deepening and accelerating Africa's regional integration should therefore remain a top priority for African countries and their development partners.

Continued political will and enhanced efforts towards region-wide development cooperation are critical in addressing the myriad of major challenges confronting the region's integration drive. Further delay in tackling the major challenges such as rationalization of RECs, poor physical

connectivity and insufficient mainstreaming of the regional integration agenda at the national level will slow down the integration process and translation of regional integration into concrete development outcomes.

In order to address the multiple challenges and pave the way for the region to attain the African Economic Community status by 2027, there should be more collective efforts, continued strong and dynamic African political leadership and commitment to integration. This should be complemented by increased and steadfast development support that is responsive to Africa's regional integration priorities.

In order to accelerate regional integration, the development impact of regional integration needs to be increased and should show in the improved wellbeing of the peoples of the region. This should therefore be factored into the assessment and design of initiatives to further regional integration. In this regard, the role of the civil society and business in the regional integration agenda needs to be enhanced in order to promote a people-based integration.

Deepening regional integration in Africa requires thorough assessment of integration performance at the national, subregional and regional levels, taking into account new regional and global realities. A key objective must be to expand investment opportunities that increase African incomes and tap unexploited resources. Other opportunities are, enhancing physical connectivity, reducing dependency on the outside world and creating conditions for self-sustained, autonomous development.

Understanding the role of cooperation and integration in meeting the challenges of African development requires going beyond traditional issues. In this connection, objectives such as peace and security, environmental and health issues, and Africa's global commitments should be adequately addressed in the regional integration agenda. In some parts of Africa conflicts and instability have stalled regional integration. These among other issues, need to be included in initiatives to further regional integration in Africa.

African countries should encourage more region-wide approaches to economic cooperation, especially with other countries outside the region. In this regard, it is important to strengthen the capacity of African countries as well as the AUC and RECs to negotiate at different levels.

Support to enhancing physical connectivity should be accelerated through development of infrastructure such as efficient transport systems, which are vital to expanding intra-African trade.

Regional integration should be mainstreamed at the national level. In this connection, there is a need to strengthen political will and support African countries to undertake and enforce national reforms, including setting up the necessary institutional frameworks in support of the regional integration agenda.

VIII. South-South Cooperation

8.1 Commitments

South-South cooperation (SSC) has an important role in promoting trade, access to finance and investment, as well as exchange of knowledge, skills and technical expertise. South-South cooperation is a commitment to solidarity among peoples and countries of the South that contributes to their national well-being, national and collective self-reliance and the attainment of internationally-agreed development goals, including the MDGs. SSC is among others, a result of the changing global economy in which the weight of emerging markets is growing and a reflection of evidence of, and the need for home-grown economic development solutions as opposed to Western dogma.

Recognizing the importance of SSC, the JPOI reaffirmed its commitment to promote South-South cooperation. The 2003 Marrakech Declaration on SSC called for, among others, support for the implementation of NEPAD through SSC; work towards ensuring interface between the modalities for North-South and South-South cooperation, including in the attainment of internationally-agreed goals; enhancement of South-South trade and further market access from developing; strengthening regional economic groupings, and interregional arrangements to promote South-South commercial cooperation; and promotion of initiatives in favour of LDCs in the context of South-South cooperation.

8.2 Actions taken and progress made

Arrangements to promote SSC: In order to foster SSC, arrangements have been made to strengthen and coordinate SSC efforts between Africa and other countries of the south such as China, Republic of South Korea, India and Brazil.

The Forum on China–Africa cooperation (FOCAC) was launched in 2000. In the 2009 FOCAC, China announced measures to establish a China–Africa partnership to address climate change; enhance cooperation with Africa in science and technology; help Africa build up financing capacity; further open up the Chinese market to African products; deepen cooperation in medical care and health; enhance cooperation in human resource development and education; and expand people-to-people and cultural exchanges.

The Republic of Korea has established the Republic of Korea’s Initiative for Africa’s development (KIAD). KIAD is supported by the Republic of Korea–Africa forum. During the 2009 forum, the Republic of Korea pledged to double ODA to Africa by 2012, from 2008 level. The Republic of Korea has also established Republic of Korea–Africa Economic Cooperation Conference to boost trade and economic cooperation with Africa. Also set up is the Republic of Korea–Africa Industry Cooperation Forum. During the second meeting of this forum, the Republic of Korea announced the establishment of the Republic of Korea–Africa Green Growth Initiative for the 2009–2012 period.

The India–Africa forum summit, which is held every three years, is the official platform for African-Indian relations. The first of such summits, held in 2008, agreed on enhanced cooperation

between India and Africa, in economics, politics, science, research and technology, social development and capacity-building, tourism, infrastructure, energy and environment; and media and communication.

Other cooperation arrangements are: the India-Brazil-South Africa partnership and the Turkey-Africa cooperation summit. There are also interregional initiatives such as the Africa and South-America (ASA) Partnership and the New Asian-African Strategic Partnership (NAASP).

Also within Africa, SSC has increased. For example, with the rapid move of South African firms into the rest of Africa, there has been higher investment of South Africa into the rest of Africa since the beginning of the democracy in South Africa in 1994.

Increase in ODA, trade and FDI: Overall, Africa's growing SSC, has resulted in a significant increase in the importance of developing countries in Africa's merchandise trade. In addition, official flows from developing countries to Africa have also increased. According to UNCTAD (2010) estimates, aid to Africa from developing countries was about \$US2.8 billion in 2006. The flows for 2007 and 2008 were expected to be higher, given that several developing countries had made financial commitments to the region. Africa's southern partners are also increasingly becoming major sources of foreign direct investment (FDI) to Africa. According to UNCTAD 2010 estimates, total FDI inflows to Africa increased from an average of 17.7 per cent over the period 1995–1999 to 20.8 per cent for the period 2000–2008.

According to UNCTAD 2010 estimates, the Republic of Korea's ODA to Africa increased from \$US39 million in 2005 to \$US104 million in 2008 and Africa's share of the Republic of Korea's ODA to developing countries rose from 8 per cent to 19 per cent over the same period. Trade increased between the Republic of Korea and Africa, with total merchandise trade rising from \$US4.4 billion in 2000 to \$US11 billion in 2008.

8.3 Constraints and challenges

While significant progress has been made with regard to strengthening SSC, whose benefits are laudable, the partnership is beset with some challenges that need to be addressed. These are indicated in the subsequent paragraphs.

Multiple and fragmented cooperation arrangements: The multiplicity of cooperation arrangements is becoming costly and a strain on Africa's limited resources. The fragmentation of SSC initiatives make it very difficult for participating African countries to develop and implement more integrated programmes to attain intertwined national development objectives.

Inadequacy of Africa's SSC strategy: In charting out the SSC arrangements and initiatives, Africa is always not on the driving seat. According to UNCTAD (2010), this is because Africa has not articulated a coherent regional approach to harnessing and managing these partnerships for its benefit. As a result, the initiatives under way, mostly at national level, are mainly with a few natural resource-rich countries. These initiatives are not always well aligned with Africa's regional priorities. One such priority is the need to channel SSC foreign direct investments to, among other things, boost productive capacity and foster regional integration.

Poor environmental profile of some SSC initiatives: Many SSC initiatives are in environmentally-sensitive sectors such as natural resource exploitation and infrastructure development. This demands better integration of environmental considerations into the development and implementation of the cooperation initiative. However, unsatisfactory attention to environmental considerations at the start up and during implementation has been cited in many cases, as a key drawback.

8.4 *Lessons learned and the way forward*

South-South cooperation has become an important vehicle for Africa to expand its trade opportunities. Moreover, it is a growing source of FDI and ODA. However, to harness and benefit fully from SSC initiatives, Africa must be proactive by developing an effective strategy to guide its engagement in SSC partnerships. Such a strategy should be responsive to the priorities of the region and therefore, well aligned with continental vision and programmes, such those contained in NEPAD.

Africa and its southern partners should adopt and promote coordinated, integrated, inclusive and transparent cooperation arrangements and initiatives. Such arrangements and initiatives should be based on genuine or equal partnerships that respond to Africa's priorities at regional, sub-regional and national levels. Indeed, these partnerships should address Africa's long-term concerns as well. The effectiveness of these partnerships can therefore be strengthened by agreeing on medium to long-term SSC targets and adopting transparent mutual accountability mechanisms.

African countries and their partners in the South need to be mindful of debt sustainability by recipient countries. There are concerns that the use of concessional loans rather than grants will lead to debt accumulation. African countries therefore need to recognize that they will have to pay back these loans in the future and therefore avoid accumulating unsustainable debt. The capacity to pay should therefore be bolstered by channeling the borrowing from southern partners to support productive sectors and investments that will enhance repayment capacity.

The environmental profile of SSC initiatives should be strengthened. In this regard, strengthening the capacity of host countries in environmental assessment, monitoring and enforcement of environmental management plans should be integrated into SSC initiatives.

Capacity strengthening of recipient countries and sustainability of initiatives and results from SSC should be given special attention in the SSC partnerships. In this context, Africa's traditional development partners, through triangular programmes, can play an important role in supporting its cooperation with other southern countries.

Despite the growing importance of SSC initiatives in expanding trade and increasing FDI and ODA flows to Africa, strategies should be devised to ensure that, that they have much wider coverage of the countries in the region. This is because currently, these initiatives seem to be concentrated particularly in the natural resource-rich countries on the continent.

While SSC has grown as an important vehicle for assisting African countries to implement their sustainable development commitments, it is not a substitute for, but rather a complement to,

North-South cooperation. Moreover, Africa's traditional donors should scale up effort to support Africa-South cooperation.

IX. Conclusions and Key Policy Messages

The foregoing suggests that African countries recognize that they are primarily responsible for driving their own sustainable development agenda. They have established/strengthened regional and subregional organizations to accompany them in the development process. They also recognize that well-targeted external support is crucial to meeting the incremental costs of realizing their commitments on means of implementation.

Countries, albeit with varying degrees of success, have increased the mobilization of domestic resources, formulated policies and established institutions for science, technology and innovation, instituted reforms for enhanced accountability, including improved monitoring and evaluation systems. Countries understand the importance of capacity development in transforming organizations, institutions and societies in support of the sustainable development agenda and have made notable strides in the education sector, while progressively mainstreaming capacity-building into their development plans and initiatives. Intra-regional trade has increased, and African regional and subregional organizations are supporting the implementation of the regional integration agenda with the goal of creating the African Economic Community. Notwithstanding, many challenges remain and much remains to be done to bridge the gap between the current situation and what is actually needed in terms of means of implementation.

Development partners, on the other hand, recognize the interdependency of economies in an increasingly globalizing world. They have invested more in Africa and increased their development assistance. However, the nature and import of these investments, as well as aid, should meet the development needs and priorities of countries. In spite of the centrality of technology development and transfer to achieving sustainable development, not much has been achieved. And in terms of international trade, while Africa's share of international trade has increased, the continent continues to be marginalized, as the international trade rules continue to favour developed countries. While Africa is realizing significant benefits from its interactions with other developing countries through South-South cooperation, strategies for sustaining these benefits should be seriously considered.

Achieving sustainable development in Africa remains a daunting challenge, a challenge that can only be tackled through increased and more targeted domestic efforts and stronger partnerships.

In order to meet current sustainable development commitments and any new commitments that may emerge from Rio+20, African governments and development partners will need to capitalize on the synergies that exist among the different means of implementation, to ensure the effectiveness of the interventions, and to invest financial and human resources efficiently. For instance, appropriate investments in vocational training and capacity development will help the transition towards the green economy, which, in turn, will facilitate economic diversification and improve the prospect of international trade for African products. In this regard:

- (a) African governments should commit to improving the national governance environment, ensuring full accountability of institutions and transparent and inclusive planning and budgetary processes, also through the development of national plans for sustainable development. In this respect, the international community should step up efforts to support institutional strengthening and planning capabilities in Africa;

- (b) African governments should endeavour to improve the domestic mobilization of resources for sustainable development, through tax collection, innovative mechanisms, and an increased use of public-private partnerships. At the same time, the current system of allocating financial resources should be reviewed to ensure that it supports rather than undermines the achievement of sustainable development;
- (c) Despite the need to increase domestic effort, it is clear that Africa alone cannot meet the sustainable development challenge, especially in the face of new and emerging issues such as climate change, and the global financial and economic crisis. The international community should therefore meet its commitments in terms of transfer of financial and technological resources, while ensuring that they complement and strengthen domestic effort, and are conducive to skills development and capacity-building. In this regard, development effectiveness must become a key priority, to which non-traditional donors should also adhere;
- (d) Development partners and non-traditional donors should use country systems, as a means to further strengthen country institutional structures, thus furthering the development effectiveness agenda. Development effectiveness is to be understood in the broader context of sustainable development. This will foster greater policy coherence with trade, investment and other sectoral policies, which greatly influence progress towards sustainable development. In this context, harmonizing national, subregional, regional and international efforts and pursuing policy coherence are critical;
- (e) As far as south-south cooperation is concerned, Africa must be more proactive in guiding the engagement of traditional donors. This could be achieved by developing an effective strategy for cooperation, that is responsive to the priorities of the region and well aligned with continental visions and programmes, such as those contained in NEPAD. Africa and its southern partners should adopt and promote coordinated, integrated, inclusive and transparent cooperation arrangements and initiatives;
- (f) Technology transfer should target green technologies, that can help Africa better exploit its rich natural resource base without undermining its sustainability. Efforts to improve the offer for skills development should be stepped up, while ensuring that the targeted skills are conducive to the transition towards a green economy;
- (g) African governments also need to recognize the key role played by science, technology and innovation in the implementation of a sustainable development agenda. Increasing investments in science and technology will ensure that Africa is not left behind in the race for green technologies. African governments should endeavour to promote and strengthen institutions for technology innovation, introduce codes and standards that can foster green developments, build partnerships within and outside the region for technology development, and promote industry-academia-government partnerships. In this respect, strengthening networking among institutions and centres of excellence within and outside Africa is critical;
- (h) African governments should develop comprehensive national capacity development strategies, including the three facets of capacity development: human resource development; organizational development and institutional development. Such a comprehensive approach would also help minimize the migration of skilled labour. Furthermore, strengthening partnerships with non-traditional actors and the private sector, both within and outside countries, would be one way to leverage resources and capacities for sustainable development;

- (i) Regional integration must continue to be strengthened as a critical means towards sustainable development. Regional trade is more resilient than international trade, and can further promote food security in Africa. Regional integration has a critical role to play in promoting economic diversification, expanding markets, pooling and more efficient allocation of resources, and addressing the transboundary and globalization issues and challenges confronting Africa. Deepening and accelerating Africa's regional integration should therefore remain a top priority for African countries and their development partners;
- (j) Economic diversification must be supported, as it can play a key role in reducing Africa's vulnerabilities to external shocks. While trade is clearly an important element of the sustainable development path for Africa. African governments must ensure that their economies do not rely solely on international trade for economic growth, as this would over expose them to the vagaries of international markets; and
- (k) Africa continues to have limited influence on decisions taken in international fora and institutions such as the World Bank, IMF, WTO and at the G20. Indeed the continent's specific needs are not well taken into account in the current debate on reshaping the international financial architecture. It is, thus, of paramount importance that Africa's special circumstances and interests are fully reflected in the international governance set up.

Annex 1 : Indicative list of main commitments/ goals contained in the NEPAD Framework Document, the Millennium Declaration, JPOI, PFIA21 and A21, Marrakech Declaration on South-South Cooperation on the means of implementation

1. Finance (NEPAD Framework Document, JPOI, PFIA21 and A21, Marrakech Declaration on South-South Cooperation)

- (a) To achieve the estimated 7 per cent annual growth rate needed to meet the International Development Goals (IDGs) – particularly, the goal of reducing by half the proportion of Africans living in poverty by the year 2015 – Africa needs to fill an annual resource gap of 12 per cent of its GDP, or \$US64 billion;
- (b) Developed countries to reach the accepted United Nations target of 0.7 per cent of the Gross National Product (GNP) for ODA, emerging economies to support ODA;
- (c) Donors to provide 0.15 or 0.20 per cent of their Gross National Income (GNI) to LDCs;
- (d) Funding for Agenda 21 and other outcomes of the Conference should be provided in a way that maximizes the availability of new and additional resources and uses all available funding sources and mechanisms;
- (e) Mobilization of higher levels of foreign direct investment and technology transfers should be encouraged through national policies that promote investment and through joint ventures and other modalities;
- (f) Other ways of generating new public and private financial resources should be explored
- (g) Extension of debt relief for African States beyond current levels (based on debt “sustainability”);
- (h) All Paris Club creditors should promptly implement the agreement of December 1991 to provide debt relief for the poorest heavily indebted countries pursuing structural adjustment; debt relief measures should be kept under review so as to address the continuing difficulties of those countries;
- (i) Strengthen ongoing efforts to reform the existing international financial architecture to foster a transparent, equitable and inclusive system that is able to provide for the effective participation of developing countries in the international economic decision-making processes and institutions, as well as for their effective and equitable participation in the formulation of financial standards and codes;
- (j) Promote, inter alia, measures in source and destination countries to improve transparency and information about financial flows to contribute to stability in the international financial environment. Measures that mitigate the impact of excessive volatility of short-term capital flows are important and must be considered;
- (k) Work to ensure that where appropriate, funds are made available on a timely, more as-

sured and predictable basis to international organizations and agencies, for their sustainable development activities, programmes and projects;

- (l) Encourage the private sector, including transnational corporations, private foundations and civil society institutions, to provide financial and technical assistance to developing countries;
- (m) Support new and existing public/private sector financing mechanisms for developing countries and countries with economies in transition, to benefit in particular, small entrepreneurs and small, medium-sized and community-based enterprises and to improve their infrastructure, while ensuring the transparency and accountability of such mechanisms;
- (n) Reduce unsustainable debt burden through such actions as debt relief and, as appropriate, debt cancellation and other innovative mechanisms geared to comprehensively address the debt problems of developing countries, in particular the poorest and most heavily indebted ones;
- (o) Increased ODA flows in the medium term, as well as reform of the ODA delivery system, to ensure that flows are more effectively utilized by recipient African countries. NEPAD to establish an ODA forum of African countries so as to develop a common African position on ODA reform, and to engage with the Development Assistance Committee of the OECD (OECD/DAC) and other donors in developing a charter underpinning the development partnership;
- (p) Increase financial investments in infrastructure by lowering risks facing private investors, especially in the area of policy and regulatory frameworks;
- (q) Work with the African Development Bank and other development finance institutions in Africa to mobilize sustainable financing, especially, through multilateral processes, institutions and donor governments, with a view to securing grant and concessional finance to mitigate medium-term risks in infrastructure projects;
- (r) Promote PPPs as a promising vehicle for attracting private investors, and focus public funding on the pressing needs of the poor, by building capacity to implement and monitor such agreements;
- (s) In Africa, national savings by firms and households, which need to be substantially increased, more effective tax collection is needed to increase public resources, as well as the rationalizing of government expenditures;
- (t) African economies need to become attractive locations for residents to hold their wealth. Therefore, there is also an urgent need to create conditions that promote private sector investments by both domestic and foreign investors. Furthermore, there are other resources, which can be mobilized within Africa, while, at the same time, requesting the developed countries to pledge their treasury bills to finance the plan. In so doing, they would not directly commit their liquid assets; and
- (u) Establish Special Drawing Rights for Africa.

2. Technology transfer (NEPAD Framework Document, JPOI, PFIA21 and A21, Marrakech Declaration on South-South Cooperation)

- (a) Development of international information networks which link national, subregional, regional and international systems;
- (b) Support and promotion of access to transfer of technology;
- (c) Improvement of the capacity to develop and manage environmentally-sound technologies;
- (d) Establishment of a collaborative network of research centres;
- (e) Support for programmes of cooperation and assistance technology;
- (f) Technology assessment in support of the management of environmentally-sound technologies;
- (g) Collaborative arrangements and partnerships;
- (h) In the case of privately-owned technologies, the adoption of the following measures, in particular, for developing countries:
 - (i) Creation and enhancement by developed countries, as well as other countries which might be in a position to do so, of appropriate fiscal or other incentives to stimulate transfer of environmentally-sound technology by companies, in particular, to developing countries, as integral component of sustainable development strategies;
 - (ii) Enhancement of access to and transfer of patent-protected environmentally sound technologies, in particular, to developing countries; and
 - (iii) Purchase of patents and licences, on commercial terms, for their transfer to developing countries, on non-commercial terms, as part of development cooperation for sustainable development, taking into account the need to protect intellectual property rights.
- (i) The undertaking of measures to prevent the abuse of intellectual property rights, including rules with respect to their acquisition through compulsory licensing, with the provision of equitable and adequate compensation;
- (j) Provision of financial resources to acquire environmentally-sound technologies in order to enable in particular developing countries, to implement measures to promote sustainable development that would entail a special or abnormal burden to them;
- (k) Development of mechanisms for access to and transfer of environmentally sound technologies, in particular, to developing countries, while taking development into account, in the process of negotiating an international code of conduct on transfer of technology, as decided by the United Nations Conference on Trade and Development (UNCTAD) at its eighth session, held at Cartagena de Indias, Colombia, in February 1992;
- (l) Promote technology development, transfer and diffusion to Africa, and further develop technology and knowledge available in African centres of excellence;
- (m) Support African countries in developing effective science and technology institutions and research activities capable of adapting to world class technologies;
- (n) Enhance industrial productivity, diversity and competitiveness of African countries through a combination of financial and technological support for the development of

key infrastructure, access to technology, networking of research centres, adding value to export products, skills development and enhancing market access in support of sustainable development;

- (o) Promote, facilitate and finance, as appropriate, concessional and preferential terms, access to and development, transfer and diffusion of environmentally-sound technologies and corresponding know-how, in particular, to developing countries and countries with economies in transition; on favourable terms, including on concessional and preferential terms;
- (p) Improve the transfer of technologies to developing countries, at bilateral and regional levels to:
 - (i) Improve interaction and collaboration, stakeholder relationships and networks among universities, research institutions, government agencies and the private sector;
 - (ii) Develop and strengthen networking of related institutional support structures, such as technology and productivity centres, research, training and development institutions, and national and regional cleaner production centres;
 - (iii) Create partnerships that are conducive to investment and technology transfer, development and diffusion, so as to assist developing countries, and those with economies in transition, in sharing best practices and promoting programmes of assistance, and encourage collaboration between corporations and research institutes to enhance industrial efficiency, agricultural productivity, environmental management and competitiveness;
 - (iv) (iv) Provide assistance to developing countries, as well as countries with economies in transition, in accessing environmentally-sound technologies, that are publicly owned or in the public domain, as well as available knowledge in the public domain on science and technology, and in accessing the know-how and expertise required to make independent use of this knowledge in pursuing their development goals; and
 - (v) (v) Support existing mechanisms and, where appropriate, establish new mechanisms for the development, transfer and diffusion of environmentally-sound technologies to developing countries and economies in transition.

3. Capacity-building and education (NEPAD framework, JPOI, Millennium Declaration, PFIA21 and A21, Marrakech Declaration on South-South Cooperation)

- (a) Strengthening the scientific basis for sustainable management;
- (b) Enhancing scientific understanding;
- (c) Improving long-term scientific assessment;
- (d) Building up scientific capacity and capability;
- (e) Promoting education, public awareness and training;
- (f) Reorienting education towards sustainable development;
- (g) Increasing public awareness;
- (h) Promoting training in developing countries;

- (i) Building a national consensus and formulating capacity-building strategies for implementing Agenda 21;
- (j) Identifying national sources and submitting requests for technical cooperation, including those related to technology transfer and know-how in the framework of sector strategies;
- (k) Establishing a review mechanism of technical cooperation in technology transfer and know-how;
- (l) Enhancing expertise and collective contribution of the United Nations system for capacity and capability-building initiatives;
- (m) Harmonizing delivery of assistance at the regional level to:
 - (i) Work with donors and multilateral institutions to ensure that the MDG of achieving universal primary education by 2015 is realized;
 - (ii) Work for improvements in curriculum development, quality improvements and access to ICT; and
 - (iii) Expand access to secondary education and improve its relevance to Africa's development.
- (n) Enrolling children of school age in primary schools by 2015;
- (o) Making progress towards gender equality and empowering women by eliminating gender disparities in enrolment in primary and secondary education by 2005;
- (p) Promoting networks of specialized research and higher education institutions;
- (q) Providing financial assistance and support to education, research, public awareness programmes and developmental institutions in developing countries and those with economies in transition;
- (r) Addressing the impact of HIV/AIDS on the educational system in countries seriously affected by the pandemic;
- (s) Eliminating gender disparity in primary and secondary education by 2005, and at all levels of education no later than 2015, to meet the development goals contained in the Millennium Declaration, with action to ensure, inter alia, equal access to all levels and forms of education, training and capacity-building by gender mainstreaming, and by creating a gender-sensitive educational system;
- (t) Integrating sustainable development into education systems at all levels of education in order to promote education as a key agent for change;
- (u) Developing, implementing, monitoring and reviewing education action plans and programmes at the national, subnational and local levels, as appropriate, that reflect the Dakar Framework for Action on Education for All and that are relevant to local conditions and needs, for the achievement of community development and make education for sustainable development a part of those plans;
- (v) Providing all community members with a wide range of formal and non-formal continuing educational opportunities, including volunteer community service programmes, in order to end illiteracy and emphasize the importance of lifelong learning and promote sustainable development;
- (w) Supporting the use of education to promote sustainable development, including through

urgent actions at all levels to:

- (i) Integrate information and communications technology into school curriculum development to ensure its access by both rural and urban communities and provide assistance, particularly, to developing countries, inter alia, for the establishment of an appropriate enabling environment required for such technology;
 - (ii) Promote, as appropriate, affordable and increased access to programmes for students, researchers and engineers from developing countries in the universities and research institutions of developed countries in order to promote exchange of experience and capacity to benefit all partners;
 - (iii) Continue to implement the work programme of the Commission on sustainable development on education for sustainable development; and
 - (iv) Recommend that the United Nations General Assembly should consider adopting a decade of education for sustainable development, starting in 2005.
- (x) The Heads of State Implementation Committee (of NEPAD) will mobilize resources for capacity-building to enable all countries to comply with the mutually-agreed minimum standards and codes of conduct.

4. Globalization and trade (NEPAD framework, JPOI, PFIA21 and A21, Marrakech Declaration on South-South Cooperation)

- (a) Enhance the capacities of developing countries, including the least developed countries, landlocked developing countries and Small Island Developing States (SIDs), to benefit from liberalized trade opportunities through international cooperation and measures aimed at improving productivity, commodity diversification and competitiveness, community-based entrepreneurial capacity and transportation and communication infrastructure development;
- (b) Implement the outcomes of the Doha Ministerial Conference by members of W TO, further strengthen trade-related technical assistance and capacity-building and ensure the meaningful, effective and full participation of developing countries in multilateral trade negotiations by placing their needs and interests at the heart of the work programme of WTO;
- (c) Actively promote corporate responsibility and accountability, based on the Rio principles, including through the full development and effective implementation of intergovernmental agreements and measures, international initiatives and public-private partnerships and appropriate national regulations, and support continuous improvement in corporate practices in all countries;
- (d) Strengthen the capacities of developing countries to encourage public/private initiatives that enhance the access, accuracy, timeliness and coverage of information on countries and financial markets. Multilateral and regional financial institutions could provide further assistance for these purposes;
- (e) Strengthen regional trade and cooperation agreements, consistent with the multilateral trading system, among developed and developing countries and those with economies in transition, as well as among developing countries, with the support of international finance institutions and regional development banks, as appropriate, with a view to achieving the objectives of sustainable development;

- (f) Assist developing countries and those with economies in transition in narrowing the digital divide, creating digital opportunities and harnessing the potential of information and communication technologies for development through technology transfer on mutually-agreed terms and the provision of financial and technical support and, in this context, support the World Summit on the Information Society;
- (g) Facilitate the accession of all developing countries, particularly the least developed countries, as well as those with economies in transition, that apply for membership in WTO, in accordance with the Monterrey Consensus;
- (h) Support the work programme adopted at the Doha Ministerial Conference as an important commitment on the part of developed and developing countries to mainstream appropriate trade policies into their respective development policies and programmes;
- (i) Implement substantial trade-related technical assistance and capacity-building measures and support the Doha Development Agenda Global Trust Fund, established after the Doha Ministerial Conference, as an important step forward in ensuring a sound and predictable basis for WTO-related technical assistance and capacity building;
- (j) Implement the new strategy for technical cooperation for capacity-building, growth and integration, endorsed in the Doha Declaration;
- (k) Fully support the implementation of the integrated framework for trade-related technical assistance to least developed countries and urge development partners to significantly increase contributions to the trust fund for the framework, in accordance with the Doha Ministerial Declaration;
- (l) Call on developed countries that have not already done so, to work towards the objective of duty-free and quota-free access for exports of all least developed countries, as envisaged in the programme of action for the least developed countries for the decade 2001-2010;
- (m) Commit to actively pursue the work programme of the World Trade Organization to address the trade-related issues and concerns affecting the fuller integration of small, vulnerable economies into the multilateral trading system in a manner commensurate with their special circumstances and in support of their efforts towards sustainable development, in accordance with paragraph 35 of the Doha Declaration.
- (n) Build the capacity of commodity-dependent countries to diversify exports through, inter alia, financial and technical assistance, international assistance for economic diversification and sustainable resource management and address the instability of commodity prices and declining terms of trade, as well as strengthen the activities covered by the second account of the Common Fund for Commodities, to support sustainable development;
- (o) Enhance the benefits for developing countries, as well as countries with economies in transition, from trade liberalization, including through public-private partnerships, through, inter alia, action at all levels, including through financial support for technical assistance, the development of technology and capacity-building to developing countries to:
 - (i) Improve trade infrastructure and strengthen institutions;
 - (ii) Increase developing country capacity to diversify and increase exports, to cope with instability of commodity prices and declining terms of trade; and

- (iii) Increase the value added of developing country exports.
- (p) Promote mutual supportive between the multilateral trading system and the multilateral environmental agreements, consistent with sustainable development goals, in support of the work programme agreed through WTO, while recognizing the importance of maintaining the integrity of both sets of instruments;
- (q) Complement and support the Doha Ministerial Declaration and the Monterrey Consensus by undertaking further action at the national, regional and international levels, including through public/private partnerships, to enhance the benefits, in particular for developing countries as well as for countries with economies in transition, of trade liberalization, through, inter alia, actions at all levels;
- (r) To establish and strengthen existing trade and cooperation agreements, consistent with the multilateral trading system, with a view to achieving sustainable development;
- (s) To support voluntary WTO-compatible market-based initiatives for the creation and expansion of domestic and international markets for environmentally friendly goods and services, such as organic products. These initiatives maximize environmental and developmental benefits through, capacity-building and technical assistance to developing countries;
- (t) To support measures to simplify and ensure transparency of domestic regulations and procedures that affect trade, so as to assist exporters, particularly those from developing countries;
- (u) To address the public health problems affecting many developing and least developed countries, especially those resulting from HIV/AIDS, tuberculosis, malaria and other epidemics, while noting the importance of the Doha Declaration on the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) and public health, in which it was agreed that the TRIPS Agreement does not and should not prevent WTO members from taking measures to protect public health;
- (v) To integrate the rural poor into the market economy and provide them with better access to export markets;
- (w) To develop Africa into a net exporter of agricultural products and promote foreign direct investment and trade. African heads of State should ensure improved access to the markets of industrialized countries, for products in which Africa has a comparative advantage.
- (x) To improve procedures for customs and drawback/rebate schemes and tackle trade barriers in international trade by improving standards;
- (y) To increase intra-regional trade by promoting cross-border interaction among African firms and counter Africa's negative image through conflict resolution and marketing;
- (z) To deal with shortages of short-term skills through appropriate incentives and training at firm level.
- (aa) Heads of African State must act to secure and stabilize preferential treatment by key developed country partners, using mechanisms such as the generalized system of preferences (GSP), the Cotonou Agreement, the "Everything but Arms" (EBA) initiative and the Africa Growth and Opportunity Act (AGOA); and
- (ab) Heads of African States must ensure that further multilateral liberalization does not erode the preferential gains of these arrangements and identify and address deficiencies

in their design and application.

5. Regional integration (NEPAD framework, JPOI, PFIA21 and A21, Marrakech Declaration on South-South Cooperation)

- (a) Develop existing national, subregional, regional and international information systems and link them through regional clearing houses, covering broad-based sectors of the economy, such as agriculture, industry and energy;
- (b) Establish and/or strengthen frameworks at subregional, regional and international levels for the development, transfer and application of environmentally-sound technologies and corresponding technical know-how. There should be special focus on the needs of developing countries. Such frameworks would facilitate initiatives by developing and developed countries alike to stimulate the research, development and transfer of environmentally-sound technologies, often through partnerships within and among countries and between the scientific and technological community, industry and governments;
- (c) Establish a collaborative network of national, subregional, regional and international research centres on environmentally-sound technology to enhance access to and development, management and transfer of environmentally-sound technologies, among developing countries and between developed and developing countries. primarily based on existing subregional or regional research, development and demonstration centres, which are linked with national institutions, in close cooperation with the private sector;
- (d) The development of global, regional and subregional programmes should include identification and evaluation of regional, subregional and national needs-based priorities. Plans and studies supporting these programmes should provide the basis for potential financing by multilateral development banks, bilateral organizations, private sector interests and non-governmental organizations;
- (e) There must be active cooperation and collaboration among the regional economic commissions and other relevant organizations, regional development banks and non-governmental organizations. UNEP and UNDP, together with the regional economic commissions, would have a crucial role to play, in providing the necessary assistance, with particular emphasis on building and strengthening the national capacity of member States;
- (f) There is a need for closer cooperation between UNEP and UNDP, together with other relevant institutions, in the implementation of projects to halt environmental degradation or its impact and to support training programmes in environmental planning and management for sustainable development at the regional level;
- (g) Create an enabling environment at the regional, subregional, national and local levels in order to achieve sustained economic growth and sustainable development and support African efforts for peace, stability and security, the resolution and prevention of conflicts, democracy, good governance, respect for human rights and fundamental freedoms, including the right to development and gender equality; and
- (h) Support the implementation of the vision of NEPAD and other established regional and subregional efforts, including through financing, technical cooperation and institutional cooperation and human and institutional capacity-building at the regional, subregional and national levels, consistent with national policies, programmes and nationally-owned and led strategies for poverty reduction and sustainable development, such as,

where applicable, poverty reduction strategy papers.

6. South-South cooperation (Marrakech Declaration on South-South cooperation)

- (a) South-South trade should be enhanced and further market access from developing countries must continue to stimulate South-South trade. including through the launching of new round of negotiations within the Global System of Preferences among developing countries (GSTP) which could take place on the occasion of UNCTAD-XI in Sao Paulo in June 2004;
- (b) Make UNCTAD XI (Sao Paulo, Brazil, 14-18 June 2004) a successful global endeavour involving all actors and stakeholders in development. UNCTAD-XI will provide a major opportunity to address the asymmetries and inequalities in the international marketplace, the structural limitations, inadequate supply capacities and vulnerabilities of developing countries to the external economic financial environment and help to put in place a development oriented multilateral trading system;
- (c) South-South cooperation should address the concerns of commodity-dependent developing countries, and help strengthen efforts in the process of commodity diversification to overcome supply constraints;
- (d) The countries of the South must work to strengthen regional economic groupings as well as South-South cooperation. Therefore, they should further strengthen subregional and regional economic groupings as well as interregional arrangements to promote South-South commercial cooperation;
- (e) Promote access to and transfer of knowledge and technology to developing countries, including information and communication technology;
- (f) Effective and timely implementation of the Brussels Programme of Action for the Decade 2001-2010. In this regard, taking advantage of economic complementarities among developing countries, the countries of the south resolve to promote initiatives in favour of LDCs in the context of South-South cooperation, including through, inter alia, triangular mechanisms to better benefit the LDCs. In this context, the LDCs ministerial conference with the Chairman of G-77 held at Rabat, Kingdom of Morocco, from 24 to 25 June 2003 has generated a momentum, which needs to be built on;
- (g) Fully and effectively implement the Almaty Programme of Action adopted at the United Nations Ministerial Conference of Landlocked and Transit Developing Countries and the Donor Community on Transit Transport Cooperation, held in Almaty on 28 and 29 August 2003, which addresses the special needs of landlocked developing countries within a New Global Framework for transit transport cooperation for Landlocked and transit developing countries;
- (h) While stressing the significant challenges posed by the vulnerabilities of SIDs, the countries of the south call on the international community, especially the bilateral and multilateral donors to honour and renew their commitments to the Barbados Programme of Action and all efforts being undertaken by SIDs, including through South-South cooperation, to attain the MDGs;
- (i) Countries of the south firmly reject the imposition of laws and regulations with extra-territorial impact and all other coercive measures, including unilateral sanctions against

developing countries, which contribute in impeding their economic growth and development and are inconsistent with the principles of international law, UN Charter and the principles of the multilateral trading system; and

- (j) Commit to strengthen efforts to implement the programmes and plans of action for South-South cooperation previously adopted at the South Conferences and Summit, in particular the Havana Programme of Action. Priorities identified for immediate implementation in the areas of South-South regional cooperation, are trade and investment, food and agriculture, water, health in particular HIV/AIDS pandemic, malaria, tuberculosis and other communicable diseases, education and information and communication technology, including through sharing of best practices. Countries of the south commit themselves to the implementation of these priorities and initiatives identified at the High-level Conference on South-South cooperation and to expediting the achievement of the time-bound objectives contained therein.

Annex 2: Measuring performance against commitments in ODA

THE MEDIUM TERM

Country	Commitment	Progress	
		G8's Analysis (current prices)	Our Analysis (constant prices)
Canada	Double international assistance from 2001 to 2010 in nominal terms.	On target. ODA estimated to reach CND \$5 billion in 2010/11.	Canada's commitment was in nominal terms: ODA at US\$1.5 billion in 2001 is set to reach US\$4 billion in 2009 (preliminary estimate). 2010 OECD DAC data is unavailable.
France	0.5% ODA/GNI in 2007 and 0.7% in 2012.	0.38% in 2007. Preliminary estimate for 2009 is 0.46%.	0.38% in 2007. Preliminary estimate for 2009 is 0.46%
Germany	0.51% ODA/GNI in 2010.	0.35% in 2009. Estimated to reach 0.4% in 2010.	0.35% in 2009. Estimated to reach 0.4% in 2010.
Italy	0.51% ODA/GNI in 2010.	0.16% in 2009.	0.16% in 2009.
Japan	Proposed to increase its ODA volume by US\$10 billion over 2005-10.	US\$3.6 billion shortfall.	Since 2005, the absolute volume committed has been falling every year except 2007-8. 2010 data unavailable from OECD DAC.
UK	0.7% ODA/GNI by 2013.	0.52% by 2009 and 0.60% by 2010.	0.52% in 2009.
US	Double aid to Sub-Saharan Africa by 2010 ^{vi} .	ODA doubled from US\$4.35 billion to US\$8.67 billion ^{vi} .	ODA to Africa was US\$7.2 billion in 2008. 2009 and 2010 bilateral data unavailable from OECD DAC.
The collective targets from all OECD DAC bilateral donors	US\$50 billion per year by 2010 compared to 2004.	4/5 of way to target, with an estimated US\$10 billion shortfall.	3/5 of way to target, with an estimated US\$21 billion shortfall. According to the OECD DAC, only US\$4 billion of this shortfall can be attributed to the economic crisis ^{vi} .

AFRICA^{vii}

Country	Commitment	Progress	
		G8's Analysis (current prices)	Our Analysis (constant prices)
Canada	Double assistance to Africa from 2003/4 to 2008/9 in nominal terms.	Met.	Canada's commitment was in nominal terms: Bilateral ODA to Africa was US\$0.5 billion in 2003, reaching US\$1.3 billion in 2008 ^{vii} .
Japan	Proposed to double its ODA to Africa over 2004-7.	Doubled from 2004 baseline of approximately US\$0.83 billion to US\$1.7 billion in 2007.	Bilateral ODA to Africa doubled from 2004 baseline of approximately \$0.83 billion to US\$1.9 billion in 2007. But bilateral ODA to Africa fell to US\$1.57 billion in 2008.
UK	Double bilateral ODA to Africa between 2003/04 and 2007/08.	Met: ODA to Africa was US\$1.02 billion in 2003/4 and US\$2.5 billion in 2007/8.	Bilateral ODA to Africa was US\$1.88 billion in 2003 and \$2.29 billion in 2007 ^{vii} .
US	Proposed to double aid to Sub-Saharan Africa by 2010 ^{vii} .	ODA doubled from US\$4.35 billion to US\$8.67 billion ^{vii} .	2004 ODA to Africa was US\$4.69 billion, reaching US\$7.2 billion in 2008. 2009 and 2010 bilateral ODA data are unavailable from the OECD DAC.
The collective targets from all OECD DAC bilateral donors	US\$50 billion per year by 2010 compared to 2004, with US\$25 billion destined for Africa.	US\$10 billion shortfall ^{vii} .	US\$13 billion shortfall ^{vii} .

Source: the Earth Institute, Columbia University

Note: some countries did not have particular ODA targets for Africa

Annex 3: The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action

The Paris Declaration outlines the following five fundamental principles for making aid more effective:

- (a) **Ownership:** *Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption;*
- (b) **Alignment:** *Donor countries align behind these objectives and use local systems;*
- (c) **Harmonization:** *Donor countries coordinate, simplify procedures and share information to avoid duplication;*
- (d) **Results:** *Developing countries and donors shift focus to development results and results get measured; and*
- (e) **Mutual accountability:** *Donors and partners are accountable for development results.*

The **Accra Agenda for Action** (AAA, 2008) aimed at strengthening implementation of the Paris Declaration. It proposes the following three main areas for improvement:

- (a) **Ownership:** *Countries have more say over their development processes through wider participation in development policy formulation, stronger leadership on aid coordination and more use of country systems for aid delivery.*
- (b) **Inclusive partnerships:** *All partners - including donors in the OECD development assistance committee and developing countries, as well as other donors, foundations and civil society - participate fully; and*
- (c) **Delivering results:** *Aid is focused on real and measurable impact on development.*

Capacity development - to build the ability of countries to manage their own future - also lies at the heart of the AAA. (Source: OECD Website)

Annex 4: Indicators for aid effectiveness

OWNERSHIP	
1	Partners have operational development strategies – number of countries with national development strategies (including PRSs) that have clear strategic priorities linked to medium-term expenditure frameworks and reflected in annual budgets
ALIGNMENT	
2	Reliable country systems –Number of partner countries that have procurement and public financial management systems that either: (a) adhere to broadly accepted good practices; and (b) have a reform programme in place to achieve these.
3	Aid flows are aligned on national priorities — Percentage of aid flows to the government sector that is reported on partners’ national budgets.
4	Strengthen capacity by coordinated support — Percentage of donor capacity-development support provided through coordinated programmes consistent with partners’ national development strategies.
5a	Use of country public financial management systems — Percentage of donors and aid flows that use public financial management systems in partner countries, which either: (a) adhere to broadly-accepted good practices; and (b) have a reform programme in place to achieve these.
5b	Use of country procurement systems — Percentage of donors and of aid flows that use partner country procurement systems which either: (a) adhere to broadly accepted good practices; and (b) have a reform programme in place to achieve these.
6	Strengthen capacity by avoiding parallel implementation structures — Number of parallel project implementation units (PIUs) per country.
7	Aid is more predictable — Percentage of aid disbursements released according to agreed schedules in annual or multiyear frameworks.
8	Aid is untied — Percentage of bilateral aid that is untied.
HARMONIZATION	
9	Use of common arrangements or procedures — Percentage of aid provided as programme-based approaches.
10	Encourage shared analysis — Per cent of (a) field missions And/or (b) country analytic work, including diagnostic reviews that are joint.
MANAGING FOR RESULTS	
11	Results-oriented frameworks — Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) national development strategies and (b) sector programmes.
MUTUAL ACCOUNTABILITY	
12	Mutual accountability — Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration.

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