

Africa Action Plan on Development Effectiveness – Development Cooperation Priorities

PREAMBLE

- The Africa Action Plan on Development Effectiveness with key priorities for development cooperation is inspired by the vision of the African Union of “an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena”.
- The Action Plan is based on the Continent’s development priorities as expressed by the African Union Agenda 2063, the Constitutive Act of the African Union and NEPAD, the 2011 African Consensus and Position on Development Effectiveness, as well as, regional and continental consultations held in preparation for the First High-Level Meeting of the Global Partnership of Effective Development Cooperation.
- The Plan reflects consensus reached on the aggregated interests expressed by the representatives of AU Member States, the Regional Economic Communities, Civil Society, Parliamentarians and stakeholders.
- The Action Plan will inform the Continent’s participation at the First High Level Meeting of the Global Partnership for Effective Development Cooperation scheduled for Mexico from 15-16 April 2014.
- The African Action Plan therefore provides the Continent’s consensus as it relates to:
 - (i) Progress on implementing the Busan commitments;
 - (ii) Tax and domestic resource mobilisation;
 - (iii) Middle-income countries and effective development co-operation;
 - (iv) Knowledge sharing, South-South and triangular co-operation;
 - (v) The private sector and effective development co-operation.

PRIORITY 1: FINANCING FOR AFRICA'S DEVELOPMENT

The development of African countries rests on a foundation of structural economic transformation, innovation and technology, human development, domestic financing and partnerships. Strengthening key institutional capacities will galvanize the sustainable flow of domestic resources and adding of value to Africa's resources towards sound industrialization in accelerating inclusive growth for national and regional development.

Effective development cooperation can help to strengthen African countries' domestic resource mobilization (DRM) initiatives through the innovative financing instruments and mechanisms like equity bonds, expanding the revenue base and strengthening institutional capacities to this effect.

Supporting accountability mechanisms, systems and reforms in finance institutions will combat illicit financial flows. Development cooperation can support the harmonization of taxation policies and strengthen systems to stop illicit flows and improve chances for repatriation of stolen funds and assets.

Key components

- Domestic resource mobilisation including effective tax administration and promotion of private sector development.
- The elimination of illicit financial flows by addressing transfer pricing.
- The enablement and expansion of intra-African trade.
- Human, technical and financial resources in the secondary economy and local private sector.
- The inclusive and sustainable development of extractive industries.

Action steps

Development co-operation should contribute to:

- The development of instruments that curb and ultimately eliminate illicit financial flows. The African Union has set the goal of halving illicit financial flows by 2023.
- Providing technical and financial support for building industrial productive capacity and removing constraints on Africa's industrial development. Adequate steps to actualize the African Union's goals of establishing a Continental Free Trade Area by 2017, a Continental Common Market by 2023, attainment of an African share of world trade of 10-15% and an intra-African trade of all African trade of 60-70% (from current baselines of respectively 2% and 11-12%) by 2040.

- The provision of investment incentives and other assistance to national companies for the establishment of joint industrial enterprises particularly in the processing of natural resources within Africa.
- Supporting and leveraging the secondary economy and local private sector as sources of sustainable and inclusive development, with an active role for African youth and women.
- Promote private sector-driven DRM mechanisms including strategic sovereign wealth funds, private equity and bond markets through the capital market the development of exchange platforms to explore new models of public-private partnerships (PPPs).
- As an enabling condition, scale up the establishment of well-staffed, financed and technologically equipped institutions and networks to manage PPP projects.
- Development of comprehensive and effective policy harmonization and regulatory instruments to promote responsible corporate behaviour in the extractive industries.

PRIORITY 2: SSC, TC AND REGIONAL INTEGRATION

Development co-operation should contribute to developing and supporting the effective utilisation and unlocking of African potential taking cognisance of the regional dimensions for effective integration.

The support of inter-country exchanges aimed at enhancing human, institutional and knowledge-based capacities for increased intra-Africa value addition and technological advancement has the potential to boost the performance of drivers of inclusive growth. This forms a key priority for development cooperation.

Robust technology exchange mechanisms should be developed to heighten the utilisation of innovative financing instruments for the effective implementation of national and regional transformation projects.

Key components

- Existing, as well as, non-traditional development partners and relationships, particularly through increasing South-South (SSC) and Triangular Co-operation (TrC).
- Regional and Continental economic and political institutions, particularly Regional Economic Communities, regional legislatures and the Pan-African Parliaments.

- Organisational, national, regional and Continental institutions that support and promote good governance as a key contributor to effective development cooperation.
- Exchanges based on the existing rich indigenous knowledge base in Africa, both regionally, as well as in countries which forms a fundamental learning point for innovation and development.

Action steps

Development co-operation should contribute to:

- Renewed political commitment from global leaders towards SS and Triangular cooperation for learning and evidence in decision making support.
- The provision of an enabling environment for new inclusive growth opportunities through SSC and TC to allow for the development of new orientations, innovations and non-traditional forms of development partnerships at all levels.
- Building as well as strengthening coalitions and solid mechanisms that will promote SSC and TC to leverage varied resources for mutual learning so that African know-how, good practices and innovation can more efficiently contribute to global development thinking and actions.
- Support to integration projects towards enhancing market access for African manufactured products and related services, particularly through SSC and TC in research, transfer of technology and investment promotion.
- Facilitation of technology exchange and learning. In addition Africa should upscale investments in designing corresponding guidelines on effective partnerships to secure national capacities and thereby benefit from new forms of SSC and TC.
- Support of national, regional and Continental economic and political institutions in fostering regional integration, accelerated economic growth and political consolidation.
- Creation of mechanisms for structured relationships between regional and country level institutions, as well as, global institutions.
- Gathering and sharing African experiences on common sectoral and thematic agendas through the creation and support of learning platforms and networks among countries and across sub-regions. This includes planning, monitoring and evaluation mechanisms.

- Promotion of good governance by strengthening domestic accountability, particularly through the African Peer Review Mechanism. The linkages between good governance and elimination of social inequalities should be emphasised. The African Union has set the goal of Africa as the world's least corrupt continent by 2063.
- Promote technology and reduce the technology divide between countries, continents and rural and urban areas particularly in agro-processing, minerals and natural resource extraction incl. forestry.
- Support capacities for national and regional monitoring, evaluation and tracking of development results supported by statistical capacity enhancement.
- Scaling up use of social media, main stream media, and knowledge platforms (which include comprehensive database) to allow for effective knowledge sharing.

PRIORITY 3: INCLUSIVE ECONOMIC TRANSFORMATION

Africa is ready to work with its partners in utilising aid effectively and primarily in productive areas to ensure that it exits dependency and truly becomes an integrated, prosperous and peaceful continent, driven by its citizens and resources.

Key components

- Africa's industrialization priority.
- African Middle-Income Countries (MICs).
- African countries that will be MICs or significantly less dependent on development assistance in the foreseeable future.
- Inadequate instruments used to classify MICs.

Action steps

Development co-operation should contribute to:

- Preparing African countries in averting acute problems of inequality and lack of social inclusion while growing into middle-income status as some MICs still have challenges similar to those faced by LICs.
- The development of exit strategies for countries transitioning from lower-income to middle-income status, as well as, the strengthening of systems, processes and structures aimed at dealing with the transition.

The African Union has set the goal of ending dependence on foreign aid by 2028, the achievement by each African country of an income status at least one step higher than its level in 2013 by 2033, and half of Africa's 34 LDCs to meet the graduation criteria by 2020.

- The development and refinement of a more comprehensive inclusive indicator for identifying and categorising MICs with a useful point of orientation being the United Nations' Human Development Index. The current emphasis on Gross National Income as the single indicator used to determine the status of MICs is restrictive and inadequate.
- Improvement in the level of experience-sharing between countries that have successfully transitioned to MICs and commendable policies implemented to avoid issues of inequality and lack of social inclusion.
- Partnership with and investment in MICs coupled with inter-country exchanges among MICs and LICs.

PRIORITY 4: FUTURE OF DEVELOPMENT COOPERATION IN AFRICA

Advances in the global partnership on effective development co-operation, as defined in Paris, Accra and in Busan, are being received as historic opportunities with huge potential to transform the delivery of aid aligned to inclusive growth needs of developing countries. Continued efforts aimed at implementing shared commitments and holding each other to account based on principles of mutual respect, inclusiveness, ownership and leadership of own development agendas are of paramount importance.

Africa remains resolute on the need to participate in GP fully, equally and effectively for voice and impactful outcomes. This fundamental principle will determine its sustained participation given the need for the global partnership to be responsive in supporting the Continent's Post-2015, agenda 2063 and NEPAD priorities which are guided by national priorities.

Key components

- Africa's representation in global governance structures
- Tension between Busan principles and their contextualisation.
- The need for reviewing the aid and development policy practices.

Action steps

Development co-operation should contribute to:

- As prerequisite for Africa's future participation is space for adequate and effective representation on global governance structures.
- Supporting African reviews of the aid and development policy practices at country and regional level in improving practices.
- Reform of current mechanisms of handling aid-related issues which are currently anchored on the paradigm of aid effectiveness. New and corresponding mechanisms based on the ethos of effective development cooperation need to be designed and promoted.
- Supporting African frameworks in the design of effective development cooperation mechanisms and their respective action plans. While there is some progress in implementing Busan at country level, there is no evidence that it has been domesticated. This will be done through the following actions:
 - African countries will develop national mechanisms for development cooperation where appropriate and an action plan to guide implementation.
 - Countries call on development partners to show renewed commitment to achieve goals set for principles such as use of country systems and predictability, and the untying of Aid.
 - Agreements to be reached in Mexico on focused development support to specialized areas such as Domestic Resource Mobilization as part of a Global Action.
 - Monitoring of progress in Africa both domestically and where global partnerships are forged should be monitored through domestic processes and instruments, and Africa's African Peer Review Mechanism should be the default monitoring instrument.
 - Principles of Accountability as defined in the Mutual Accountability Standards for Africa should form the basis for all accountability processes with Partners.
 - The role of Africa's Regional Economic Communities (RECs) in overseeing and guiding development cooperation relations in the different sub-regions must be expanded and strengthened.

In summary, Africa's overarching objective is to attain Development Effectiveness through coherent and effective use of both internal and external resources for development, given that ***for aid to be effective it must*** be integrated ***into the larger development context***, working with domestic resources. Therefore, aid should work with other national and regional instruments to effectively support inclusive growth and development results.