

NEPAD and Foreign Direct Investment in Africa

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Abstract

The New Partnership for Africa's Development is a pledge by African Leaders based on a common vision and a firm, shared conviction that they have a pressing duty to eradicate poverty and place their countries, both individually and collectively on a path of sustainable growth and development and to participate actively in the world economy and politics (NEPAD, 2001). The paper uses the political economy theory to examine the philosophy of the New Partnership for Africa's Development and the policy has been able to attract foreign direct investment. The research relies on secondary sources of data for the purpose of evaluating the successes and failures of NEPAD. The paper recommends that regional integration be strengthened to enhance economy interaction among African States and conflict prevent mechanism be strengthened to reduce persistence conflict in Africa, to encourage foreign investment in the region.

Keywords

NEPAD, Foreign Direct Investment, development, poverty, underdevelopment

Introduction

The high expectations and enthusiasm that New Partnership for Africa's Development (NEPAD) has generated from different parts of the African continent may make all observers-believe the partnership is the first of its kind on the continent. It is an established fact that before NEPAD, Africa had a rich history of development co-operation programmes, ranging from the call for a New International Economic Order under the Nations of the Non- aligned Movement which led to the UN Economic Commission for Africa (UNECA) in 1970s. This also provided the basis for the Monrovia strategy of 1970, the famous Lagos Plan of Action (LPA) in 1980, the Africa Priority Programme for Economy Recovery (APPER) in 1986, later adopted by United Nations and renamed the United Nations Programme of Action for Africa Economic Recovery and Development (UN-PAAERD), The Abuja Declaration 1987, the

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Khartoum Declaration on the human dimension of Africa's Economic Recovery and Development in 1988, followed by the 1989 Africa Alternative to Structural Adjustment Programme (AAF - SAP), the Nations New Agenda for Development of Africa (UN-NADAF) in 1991 among others (Ongwen, 2005).

However, the inability of these programmes to overcome the challenges facing Africa's development produced a New Concerted Programme aimed at the economic growth and sustainable development of the continent, and subsequently led to the emergence of the NEPAD Agenda which has its origin in two distinct initiatives. The first was the Millennium Partnership for Africa's Recovery Programme (MARF or MAP) drawn up by the then South Africa President, Thabo Mbeki while the second was the "Omega Plan" of President Abdoulaye Wade of Senegal (Taylor and Nel, 2002). While the Omega Plan is largely a technocratic reduction of the challenges facing Africa, the MAP is a much more comprehensive attempt to bring developmental challenges into a historical, cultural and economic framework (Melber, 2001).

The MAP and Omega Plan were considered by the meeting of Africa Finance, Development and Planning Ministers held in Algiers between 8th and 10th May 2001. The Planning Ministers were of the view that African governments needed to coordinate their efforts and come forward with a programme that would command the interest of all their States. This, along with other series of meeting, culminated in the Abuja meeting of Africa Heads of States and Governments in October 2001 which finalized the policy framework of the initiative and gave it the name New Partnership Africa's Development (NEPAD).

Having considered the problems that have bedevilled Africa's development in the 21st Century, the NEPAD initiative identifies long, medium and short-term objectives which are contained in the NEPAD document (Article 174-188). The long-term objectives are:

to eradicate poverty in Africa and to place African countries both individually and collectively on the path of sustainable growth and development and reverse the marginalization of Africa in the process of globalizing the world; to promote the role of women in all activities in Africa.

The short and medium term objectives include strengthening mechanisms for conflict prevention, management and resolution at the sub-regional and continental level and to ensure that these mechanisms are used to restore and maintain peace. The promoting and protecting democracy and human rights in their respective countries and regions; by developing clear standards for accountability, transparency and participatory governance at the national and sub-national levels. The restoring and maintaining macro-economic stability, especially by developing an appropriate institutional framework to achieve these standards, and instituting transparent legal and regulatory framework for financial market and auditing the private companies and public sector.

Building the capacity of states in Africa to set and enforce the legal framework, and to maintain law and order. Promoting the development of infrastructure, agriculture and its diversification in agro-industries and

manufacturing to serve both domestic and export markets and the reversal of brain-drain to brain gain. Finally giving emphasis to Africa's development by bridging existing gaps in priority sectors in order to enable the continent to meet-up with developed parts of the World.

The goals of the initiative are contained in Article 67 and 68 of the Document which include to achieve and sustain an average Gross Domestic Product (GDP) growth rate of above 7 percent per annum for the next 15 years. To ensure that the continent achieves the agreed Millennium Development Goals (MDGs) which include to reduce the proportion of people living in extreme poverty and hunger by half between 1990 and 2015. To enroll all children of school age in primary school by 2015. To make progress towards gender equality and empowering women by eliminating gender disparities in enrollment in primary and secondary education by 2015. To reduce infant mortality rate and child mortality ratio by two-third between 2000-2015. To combat HIV/AIDs, malaria and other diseases by providing sound health services by 2015. To implement national strategies for sustainable development by 2015, so as to reverse the loss of environmental resources by 2015. To promote a global partnership for sustainable growth and development.

The Challenges of NEPAD

It is an acknowledged fact that some obstacles are serving as impediments to NEPAD's objectives. These problems are so enormous that experts in African development discourse have speculated its early collapse. These challenges include how to source the funds to drive NEPAD activities. It has been estimated that NEPAD will need over \$64 billion annually to drive economic growth of the African continent. African leaders were expecting that the large part of the funds will come from the developed countries (G8) and other development partners in the form of loans, aids and grants. Considering the global financial crisis and the global food crisis as at then, NEPAD activities suffered - however the G8 only pledged \$6 billion in the meeting they held on NEPAD (ADB report, 2002). This sent a signal to African leaders that they have to look inward, and this explains why emphasis is now given to foreign direct investment as a workable alternative.

NEPAD is also faced with the challenges of achieving the Millennium Development Goals (MDG's) within 15 years i.e. before the end of 2015, it has been observed that taking into consideration the level of infrastructural decay, it will be difficult for these to be achieved. Now that MDGs had come and gone without any meaningful development, how can Africa achieve the Sustainable Development Goals (SDGs)? Since NEPAD has as part of the long term objective to promote the role of women in all activities, especially in political and economic aspects, it failed to give priority to sector dominated by

women in Africa which is the small and medium scale enterprises. Another challenge to NEPAD initiative is how to respond to gross human rights abuses in the continent, specifically during wars, like in Somalia, Chad, Liberia, Sierra Leone, etc. There is also a problem of where to locate NEPAD project on the continent. Already some Africa leaders were aggrieved for being sidelined in the formulation of NEPAD policy frame-work, not to talk of siting of projects in its name which is supposed to spread across the 54 African countries. Lastly, there is also challenge of how to respond to the sit-tight leadership syndrome in Africa. In places like Chad, Cameroun, Zimbabwe Kenya and recently Rwanda, where the presidents amended their constitutions in order to remain in power. This has remained an issue of debate, that can APRM provide a practical solution to this type of leadership tussle. This sit tight syndrome has made it impossible for any African Leader to win the M. O. Ibrahim award for Leadership in Africa for the past 6 years. The award is worth \$5million annually.

The NEPAD is a holistic, comprehensive integrated strategic framework for the social-economic development of Africa. This provides the vision for Africa a structure of the problem facing the continent, and a programme of action to resolve these problems in order to actualise the vision. NEPAD is supposedly designed to be of comprehensive integrated development plan that addresses key social, economic and political priorities in a coherent and balanced manner (Adekoya, 2003). The document leaves no doubt that African-countries have responsibility for their own development and NEPAD requires that they undertake specific commitments and obligations. Africans are expected to take the lead in identifying, planning and implementing various initiatives emanating from NEPAD. Furthermore, a system for Peer Review is suggested to promote accountability and to ensure that commitments as well as target are achieved. There is clearly a role for Africa development partners, but again the proposed partnership is based on mutual benefit commitment and accountability (ADB Report, 2002: 7).

African leaders have expressed determination over the agenda and this was buttressed and captured by former UN Secretary - General Koffi Annan while addressing the Africa Union Assembly in Maputo, Mozambique on 10th July, 2003.

The theme of this summit: Ensuring the implementation of the NEPAD, shows that African leaders mean to pursue that mission with the seriousness and focus it requires. It shows that you are determined that the African Union must play a central role in the work to achieve the strategic goals of NEPAD in the areas of peace and security, democracy and good governance, poverty reduction and sound economic governance." (Annan K., 2003)

In an opening remark, one of the prime movers of the NEPAD initiative, former President Thabo Mbeki of South Africa in a review workshop titled "The NEPAD: Work-in-Progress" in January 2002, expressed optimism over the agenda describing it as a programme of Africans, by Africans and for Africans. He was also quoted to have said;

We now have an urgent responsibility to develop an implementable plan, to ensure that excellent programme and policies that exist on paper succeed in practice, that African technical expertise from within Africa and the Diaspora is harnessed to convert those programmes and policies into practical and implementable programme and projects, that the African people come to own these programme as belonging to them. (Melber, 2002: 8)

Nkulu Wiseman (2003), former chairperson of the NEPAD Steering committee in a paper presented at the Centre for Africa Studies University of Edinburgh argued in favour of NEPAD that;

other development initiatives before AU failed due to three major reasons the cold war, lack of capacity and genuine political will. NEPAD he said present the best opportunity for development because there is a new leadership that is committed to development, and the project is developed, managed and owned by Africans.

Dunmoye (2003) viewed NEPAD as an initiative which offers good governance, accountability and credible economic principles, in return for increased foreign investment, and trade opportunities. He added that NEPAD is a commitment by African leaders to eradicate poverty within a regional scope and participate actively in the global system. It is worthy of note, that Africa is a significant part of the World with 12.5% of the World's population that can neither be ignored nor neglected, this is because Africa is one of the largest markets for European and American goods and services. We have been incapacitated in the past, but what we are now looking for are foreign investors. Investors all over the world are looking for fresh opportunities for business, with the new climate created in Africa by the NEPAD initiative; one would say that opportunities abound on the continent (Dunmoye, 2003: 16). The problems of political instability and poor governance are being addressed by African heads of government themselves. The leaders of the African mission are paving the way for operators in the private sector to interact with their colleagues around the world.

According to Gerishon Ikiara (2003) of the University of Nairobi, while participating in a conference, which sought to address the issues of whether or not NEPAD is the answer to African's problems stated that NEPAD should be

given a chance and Africans should not be pessimistic when a project involves African governments.

Similarly, De Waal (2002) a pan Africanist scholar carried out an inquiry trying to ascertain what is new about NEPAD. He examines its emergence placing emphasis on its governance component, and thereafter argued that NEPAD has the potential to transform Africa if certain conditions are met. Over all, the perception of the scholars discussed so far show that they seem to be more interested in the political and democratic governance initiative of NEPAD which is captured in Africa Peer Review Mechanism (APRM). This is probably because of the empirical fact that politics or leadership tussle remain a cockpit of African crisis. In other words, the majority of African conflicts do emanate from the problem of leadership. The implication of this struggle for leadership is that it creates crisis, increased refugee population, hunger and diseases, and above all political instability, thereby discouraging foreign investment.

Mathew Parris, cited in *The Times* of August 31st, 2002, opines that the failure of leadership, the failure of the whole concept of the ascription of responsibility to individuals, means that what was created or stated is not maintained. He further posited that the persistent political failure in Africa is at the doorstep of an uninspired leadership. Political leadership has been a recognized bane of Africa postcolonial social system, and even in the NEPAD blueprint, it is stated categorically that Africans did not only inherit poor or dysfunctional economy from their colonial masters, but also bad leadership, sit tight syndromes, mismanagement of public funds, and coupled with bad policy pursued by most African leaders after the attainment of their independence are the main causes of African predicaments (NEPAD, 2001).

The former Japanese finance minister, Junichiro Koizumi (cited TICAD III, 2003) stated these at the opening of the preparatory meeting for the Third Tokyo International Conference on Africa Development, when he said that; "The world of the 21st Century will know stability and prosperity only if Africa's problems are solved". This is in line with the Philadelphia declaration of United Nations that "poverty anywhere is poverty everywhere". In the same vein, Baroness Amos (2001) was quoted to have said that...

NEPAD has a number of important features, it is clearly an Africa led process with a strong sense of African responsibility in responding to the continental challenges; sound political and economic governance are recognized as central to a new type of partnership with Africa's international friends, based on shared responsibility and mutual interest, this growing sense of urgency and determination has to a large extent found its focus in the NEPAD.

As a tradition in the social sciences, it is practically impossible to have a straight lined perception and conception about the initiative in question

(NEPAD). Of course, there is a heated debate between what we may call NEPAD's pessimists and optimist (proponents and critics). Alex DE Waal (2003) argued that NEPAD has relied on the same old neo-liberal development paradigm that has not made any significant impact on Africa's development process for most of the postcolonial years. The proposed pathways, action and initiative coincide too closely with the orthodox neo-liberal approach to development with which African states have grappled, though unsuccessful for the past forty years or more... (De Waal, 2002).

NEPAD initiative shows that African leaders are not ready to liberate Africa from the shackles of underdevelopment that has bedevilled Africa over the years. According to Dunmoye (2003) in paper presentation titled; "New Partnership for Africa's Development" he argued that the NEPAD project was rushed, hasty and not participatory, given the impression that the pioneers of the initiative seemed to be more interested in getting the support of the G8 and the international financial institutions rather than establishing the African ownership of the initiative. That is the NEPAD document was not drawn through a transparent wide participatory process. He also added that African need to generate funds for financing development programmes, especially conflict resolution and management rather than over dependence on international financial institutions like the World Bank and IMF.

The civil society of Africa at the end of a joint CODESRIA and Africa conference on Africa Development challenges in the millennium held in Accra 23-26 April, 2002 concluded that;

While many of NEPAD stated goals may be well intentioned, the development vision and economic measures that it canvases for realization of these goals are flawed. As a result NEPAD will not contribute to addressing the development problems in Africa. On the contrary, it will reinforce the hostile external environment and internal weaknesses that constitute the major obstacles to Africa's development.

The Africa Civil Society Declaration on NEPAD and CODESRIA 2002, in a jointed debate argued that NEPAD sideline past endeavours for the development of Africa by African themselves, such as the Lagos Plan of Action (1980), the Abuja Treaty (1991) etc. NEPAD, they argued is only concerned with raising external financial resources, appealing to and relying on external governments and institutions. NEPAD has also been criticized for being elitist and top-down in its approach, having been drawn up by a few Heads of state and virtually excluding civil society in its preparation. NEPAD, in their opinion will lead to further foreign exploitation and plunder of Africa's rich natural resources, rather than mobilizing them for the benefit of the Africans (ADB Report, 2003).

Tetteh Kofi and Asayhgn Desta argued in the same line in a joint paper presented at a CODESRIA, third world network meeting in April 2002, they reviewed the approach to development and political governance as outline in

the NEPAD blueprint and then came to the conclusion that NEPAD strategy will not and cannot realize development in Africa.

Yash Tandon, an African academic and activist, who over the years has consistently championed the cause of Pan-Africanism, further expresses a lot of doubt on the intrinsic capacity of NEPAD to deliver. In his view, NEPAD in its economic formulation offers nothing new in terms of the path of Africa's development, than what the mainstream economist has offered in the past and currently in the name of globalization.

Adebayo Adedeji, former Executive Secretary of the UN Economic Commission for Africa, in a paper presentation - reviewed the development strategies that Africa had wanted to adopt from the Lagos Plan of Action (1980) through the several others to NEPAD. His main critique of NEPAD approach is that it reinforces the dependent relationship between the North and the South in general and Africa in particular. To him, until there is an alteration in the nature of this relationship, the NEPAD project will amount to a partnership of inconvenience which will not favour the development aspiration of Africans. This explains why NEPAD has not been able to achieve any meaningful development.

However, the main worries of African leftist scholar, Dani W. Nabudare is that civil society in Africa was not consulted, hence this contributed to the ignorance of most NGOs about the NEPAD project. Dunmoye (2003) is also of the position about NEPAD being an initiative of African leaders, rather than true partnership with civil society and African people (Nabudare, 2002; Domoye, 2003). Nabudare thereafter makes a number of propositions for civil society to embark upon; that the civil society must advocate the view that NEPAD's objective cannot be realized in the current global condition, the African organizations should advocate for new world order; that African scholars and activist should expose all illusions that economic globalization can promote growth or development. He sees NEPAD as an imperial project that must be rejected by progressive African scholars and activists (Nabudare, 2002).

In the same vein, Civil Society Organizations and Social Movements that have familiarised themselves with the NEPAD document have passed resolutions and comment on NEPAD, meeting at Johannesburg South Africa, 2-4 May, 2002. Civil societies stated categorically that the development path that has been adopted by NEPAD will worsen the situation of poverty, ill health, hunger and marginalization. In their view NEPAD's promotion of market oriented agriculture will bring about food insecurity as a result of cash crop production. This explains why Africans suffer so much during the period of global food crisis.

While talking on the Gender perspective of NEPAD, Zo Randrimaro the programme manager of Gender and Economic Reform in Africa - in a paper presentation titled gender and challenges of financing development in Africa; she examined the feasibility of the NEPAD system to address the gender inequality in Africa. After a rigorous examination and cross examination, she

further asserted that the NEPAD document depicts gender blindness, confirming the neo-liberal orientation of its economic approach and as such ignoring the social context, impact and implication on social and gender relations. According to her, NEPAD does not pay any attention to the needs of micro and small scale enterprises, the sector where women dominate both formal and informal sectors, the gender inequality is likely to be aggravated to more marginalization of women (Randraimaro, 2003).

After an examination of NEPAD, the paper strongly agreed with Randraimaro's argument that NEPAD policy and instrument are gender insensitive and depict gender blindness. The neo-liberal economic approach adopted by NEPAD cannot and will not address Africa development challenges in the 21st Century. However, NEPAD proponents are asking for more time, but the researcher thinks that from 2001 to 2015 is enough to assess both the long and short term objectives of NEPAD.

Theoretical Framework

This research will adopt the political economy theory as the framework of analysis. The political economy theory is an approach which probes into the depth of issues, the interconnection of phenomena, policies, programme and initiative with a view of knowing their class origin, character, composition, logic of their existence and their future. It does not therefore, examine issues superficially (Anifowose, 1999: 53).

However, there are typologies of political economy namely Classical, Neo-classical, Socialist and Marxian political economy. For the purpose of this research work, emphasis will be given to the Marxian political economy. Marxian political economy scientifically studies the society in its totality and takes into consideration the interconnection of social relations, class conflict or antagonism and the organic relationship between substructure (economy) and the superstructure (politics). The Marxian political economy will be used to explain the origin of African economic crisis and policy measures aimed at managing the crisis under the NEPAD initiative.

African impoverishment can be basically linked with the unequal relation inherent in colonialism, the Cold War, working of the international economic system and coupled with the bad economic policies pursued by many countries in the post-colonial era. At independence, virtually all the New States were characterised by shortage of skilled professionals and a weak capitalist class resulting in a weakening of the accumulation process. Postcolonial Africa inherited weak states and dysfunctional economies which were further aggravated by poor leadership, corruption and bad governance in many countries (NEPAD, 2001).

African economies are characterized by lack of organic linkage between agriculture and industry, production and consumption, an autonomous capital

base, development of indigenous manufacturing sector, balance of payment problem, low Gross Domestic Product (GDP), labour inflexibility, high unemployment rate, inadequate provision of social services and poor maintenance of infrastructural facilities, the near collapse of the manufacturing sector due to unfavourable environment and lack of relationship between the banking sector and industrial sector etc. All these are clear manifestations of a neo-colonial capitalist economy. The colonial political economy is one which the resources of the colonial territory are exploited, expropriated, expatriated and siphoned to meet the needs of the colonial power. Under the colonial political economy all economic policies were geared towards the integration of the economy into the metropolitan areas. For instance, there was a deliberate and systematic shift from the production of food crops to that of cash crops and all other business was monopolized by the expatriate firms, thereby blocking the emergence of wealthy business moguls in Africa, and thus leading to emergence of a weak capitalist class. The long term implication of this is that Africa had to depend on the West to finance capital projects resulting to the accumulation of debt.

At the dawn of independence, the situation did not change that much and various attempts were made by African leaders to reverse or change this ugly trend, but all efforts in the past proved abortive.

The NEPAD inherited a distorted, and dysfunctional economy. The fact remains that colonialism created a peripheral capitalist economy and carefully created and promoted a class of professionals, bureaucrats, merchants and politicians to serve as intermediaries between foreign interests and the indigenous polity, economy and power relations that ensured the domination of African economy by international capitalism (NEPAD, 2001).

African economy today is not under the control of Africans, with this reality, the African continent cannot embark on policies such as the (NEPAD) that can fundamentally restructure, reposition, moderate and refocus her economy for the proper growth and development. This is because it is caught in the trappings of neo-colonial capitalist contradiction which has produced a distorted dominant class where interest is not in the development of an auto-centric capitalist economy.

However, due to the underdeveloped nature of Africa and the international contradiction which external forces are manipulating, the NEPAD is dependent on the West for virtually everything ranging from technology and technical assistance, debt reduction and cancellation, capital flow and foreign direct investment etc. The dependent position of Africa has made the NEPAD initiative susceptible and vulnerable to the mechanization of the Western metropolitan countries and Bretton Wood Institutions. For instance, it is evident that NEPAD emerged only after consultation with the World Bank, IMF, major transnational corporations, European Union and G - 8 Leadership.

Development as Everest Rogers pointed out occurs in a more or less black box of a nation. So it is worthy of mention that in as much as the NEPAD is not made from Africa, it will be very difficult for it to achieve Africa's

economic independence, because every development agenda must be owned, engineered and designed by the people. As Rogers (1979) points out that development occurs in the black box of a nation. That no advanced or developed country will allow the less-developed to have economic independence because of the importance of market, consumption of manufactured goods and services to its economy.

Despite the abundant water resources in Africa, about 65% of rural population do not have access to clean and adequate water supply. In addition, 73% of the people in rural areas do not have access to adequate sanitation facilities. The situation, an estimated 25% and 45% of the population do not have access to clean water and sanitation facilities respectively (ECA, 2002). This lack of infrastructural facilities has made the life of common people a misery in Africa.

On the other hand, Brain Drain or the migration of highly skilled and trained individuals. The reversal of brain drain to brain gain is an issue the NEPAD blueprint gives more emphasis in theory, but in practice however, nothing has been done to achieve this desire. It is estimated that African used to lose a thousand of professionals to the developed countries yearly. Between 1960-1987 about 23,000 academics and 50,000 members of the middle to high level management trained personnel left the continent to seek better offer outside the continent. Estimates of about 40,000 Africans with PhD Degrees are living outside the continent. In addition, Sub-Saharan Africa spends 4 billion US Dollars yearly on technical assistance, including the cost of hiring foreign experts in strategic sectors of the economy (ECA, 2002).

NEPAD and Foreign Direct Investment (FDI) in Africa

The global financial crisis has made it an obligation for NEPAD to look for an alternative source of revenue generation to finance its implementation. The over dependence status of NEPAD on foreign aids and grant have been questioned by African political economist, and given the fact that aid flows to Africa significantly declined over the years, and the continent has now to compete with other countries particularly former communist states, for the same pool of resources needed for development. This explains why African leaders have to give emphasis to foreign direct investment as a substitute or alternative source of revenue. This section tries to examine efforts of African leaders and NEPAD in attracting foreign direct investment into Africa, as well as challenges of attracting FDI.

It is important to emphasize that efforts have been put in place to attract foreign investment before NEPAD, but these efforts were unsuccessful because they were ill conceived and failed to confront the challenges of attraction of FDI to the region posed by the globalisation process.

NEPAD places greater emphasis on the importance of foreign direct investment (FDI) as Africa's new engine of economic growth. Despite this emphasis, the continent remains the least attraction to FDI. Attempts at attracting more FDI through fiscal concession and promulgation of investor friendly laws and regulations like liberalisation, privatisation, and financial sector reform etc, yielded little or no success. Although the level of FDI inflows differ from country to country, as a continent Africa attracts less than 3% of the world wide FDI (ECA, 2002). However, various explanations have been adduced for Africa's poor record.

Uncertainty in business environment and inconsistency in economic policy accounts for the reason why foreign investors are reluctant to invest in Africa, despite its enormous profitable opportunity. This is why NEPAD as policy frame work tries to offer an environment that will facilitate the flow of FDI to African region.

Political instability also is one of the factors that influence the level of inflow of FDI, African continent has been characterised by high incidence of war, frequent military intervention in politics, religious and ethnic conflict. There is some evidence that the probability of war, a measure of instability is very high in the region. In their study, Rogoff and Rienhatt (2005) computed regional susceptibility to war indices for the period of 1960-2004. They found that wars were more likely to occur in Africa than other regions. The regional susceptibility to war index is 26.3% for Africa compared to 19.4% and 9.9% for Asia and the western Hemisphere respectively. The study also shows that there is a statistically significant negative correlation between FDI and conflict in Africa (Rogoff and Rienhatt cited in ECA, 2004). Sach and Sievers (1998) have also argued that political stability is one of the most important determinants of FDI in Africa. NEPAD policy put in place the conflict management, resolution and prevention mechanism to reduce the level of crisis in the continent. But how to raise fund to finance the mechanism is a problem the NEPAD document is yet to provide solution to.

Microeconomic insatiability also contributes to factor that determine the inflow level of FDI to Africa. Incidence of currency crashes, double digit inflation, and excessive budget deficit has limited the region's ability to attract FDI. Recent evidence based on Africa data suggests that countries with high inflation tend to attract less FDI (Onyeiwu and Shrestha, 2004).

Lastly is the lack of policy transparency in several African countries. It is often difficult to tell what specific type of policy governments in Africa are pursuing, and this is due to the fact that there is lack of consistency and persistence policy institutionalisation and transparency in micro economic policy. The lack of transparency in economic policy is of concern because it increases transaction cost thereby reducing the incentives for foreign investment. NEPAD according to its initiators will provide a transparent atmosphere for improvement in inflow and performance of Foreign Direct Investment.

Table I shows the inward FDI performance index by region between 1988-2003 and classification of African countries by performance and potential between 2000–2002.

Table I: Inward FDI Performance Index by region 2000-2004

Region	1988–1990	2001–2003
World	1.00	1.00
Developed countries	1.03	0.92
Developing countries	0.99	1.25
Africa	0.70	1.16
North Africa	0.85	1.00
Sub-Sahara Africa	0.59	1.28
Latin America and Caribbean	0.90	1.42
Asia	1.09	1.19
East and South-East Asia	1.73	1.54
South Asia	0.11	0.37
West Asia	0.30	0.31
Central and Eastern Europe	1.04	1.35

Source: World Investment Report, UNCTAD, 2004

Table II: FDI flows, by region, 2012-2014 (Billions of dollars and per cent)

FDI inflows FDI outflows

Region	2012	2013	2014	2012	2013	2014
World	1 403	1 467	1 228	1 284	1 306	1 354
Developed economies	678	697	499	873	834	823
Europe	401	326	289	375	317	316
North America	209	301	146	365	379	390
Developing economies	639	671	681	357	381	468
Africa	56	54	54	12	16	13
Asia	401	428	465	299	335	432
East and South – East Asia	321	348	381	266	292	383
South Asia	32	36	41	10	2	11
West Asia	48	45	43	23	41	38
Latin America and Caribbean	178	186	159	44	28	23
Oceania	4	3	3	2	1	0

Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics)

The table (I) shows the value of the performance index for all regions of the world, over the periods 1988-1990 and 2001-2003. The index varies widely

between countries. It shows that for the period 1988-1990 both developed and developing countries received FDI inflows -roughly consistent with their relative size (as measured by their GDP). However, the distribution among the different regions in developing countries varies widely. Countries in Africa and Latin America and the Caribbean received inflows less than their relative sizes while countries in Asia received more than their relative size. For the period 2001-2003, developed countries received FDI inflows less than would be expected to give their relative size. The performance index for developed countries over this period was 0.92. Over the same period, developing countries had a performance index of 1.25 and so received inflows more than their relative sizes. Among developing countries, Latin America and the Caribbean had an index of 1.42 while Asia and Africa had 1.19 and 1.16 respectively. It is interesting to note that there was a substantial improvement in the index for Sub-Saharan Africa from 0.59 in 1988-1990 to 1.28 over the period of 2001-2003.

Table II shows foreign direct investment inflows and outflows from 2012 to 2014. An observation of the figures reveal that Africa is still not attracting inflows of FDI and the outflows of FDI is also very minimal even though it is doing better than South Asia, West Asia and Oceania. This is why the paper argues that Africa leaders and their new initiative (NEPAD) are not doing well in terms attracting FDI into Africa. The various crises of leadership as a result of the sit tight syndrome in Zimbabwe, Kenya and Rwanda among others, as well as terrorism in the Islamic Maghreb are all factors discouraging investors from coming into the region.

Table III: Classification of African countries by performance and potential (2010-2014)

	High FDI performance	Low FDI performance
High FDI potential	Front runners	Below potential
	Botswana	South Africa, ,
	Above potential	under-performers
Low FDI potential	Angola, Congo, Gambia, Mali, Morocco, Mozambique, Namibia, Sudan, Togo,- Tunisia, Uganda, Tanzania	Algeria, Benin, Burkina Faso. Cameroon, Dem. Rep. of the Congo, Cote d'Ivoire. Ethiopia, Gabon, Ghana, Guinea, Libya, Kenya, Madagascar. Malawi, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Zambia, Zimbabwe

Source: World Investment Report. UNCTAD, 2014

From the above table, one can conclude that performance of FDI in Africa is not encouraging; this serves as a factor that discourages other investors from coming to Africa.

Conclusion

The study revealed that NEPAD has not been able to meet its targeted objective, even though the policy is still ongoing. The African continent is backward in terms of the level of poverty and hunger, regional susceptibility to war, brain drain, infrastructural dilapidation, women marginalisation, performance in the attainment of the Sustainable Development Goals (SDGs), and instituting transparent legal and regulatory frame work for states i.e. democracy and good governance initiatives etc.

NEPAD's over dependence on aids and grants from international community make it look more of top-button approach to development. Development should not be solely measured in economic indices i.e. GDP, and GNP rather emphasis should also be given to human indices. Africans are tired of World Bank and IMF statistical manipulations.

Many readers of NEPAD within civil society have asked 'Where are the people in this plan?' (Randrimaro, 2003). The neo-liberal economic approach adopted by NEPAD does not make it different from other policies that have failed in the past. It is based on the above that Brusia (2003) describe the policy as an old wine in new bottle!

Having critically observed the way the policy sidelines African civil society, the people of Africa as well as past initiative like the Lagos Plan of Action (LPA), the Abuja Treaty etc. NEPAD observers have also asked that who are the people in partnership with NEPAD?

Africa's political economist, academicians, intellectuals and other pessimists have concluded that NEPAD is not our policy, and that it cannot address the problems in Africa.

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