

Creating a Reliable African Peer Review Mechanism

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Introduction

The adoption of the New Partnership for Africa's Development (NEPAD) is an attempt by Africa's leaders to stem the continuing downward economic and political spiral by liberalizing markets, adopting democratic principles, and developing strategies for managing conflict, in exchange for increased assistance from the international community. At the July 2002 Group of Eight (G8) summit at Kananaskis, Canada, the G8 adopted an Africa Action Plan, which provid-

ed for an "enhanced partnership" with African countries that followed NEPAD's principles – an important partnership, as the G8 provide 75 percent of all overseas development assistance to Africa. To ensure that African leaders adhere to the principles of good governance and economic policy, NEPAD proposes the creation of an African Peer Review Mechanism (APRM), to subject their governing and economic policies to evaluation. Notably, the G8 conditioned additional assistance to African countries on

the information received from the APRM: a positive review, indicating compliance with NEPAD's principles would result in additional development assistance and "enhanced partnerships." Presently, sixteen countries have volunteered to submit their policies to peer review, with the first four to begin by December 2003.

In this article, I evaluate the potential of the APRM to deliver a reliable signal of a country's governance and economic policies. I suggest three critical factors that will help the APRM's reliably. First, the peer review panel overseeing the APRM's country teams and the peer review reports must be credible. Second, countries receiving bad reviews must have incentives to improve. Finally, the financing scheme must produce adequate funds and independent results. So far, the APRM has promising signs of a credible peer review panel. However, it must provide more incentives for countries to adopt norms of democratic governance and sound economic policies and guarantee independent and secure financing. The next section briefly outlines the peer review process. It is followed by an evaluation of the reliability of the APRM through a review of the peer review panel, incentives for states to implement reforms, and financing scheme.

Brief Overview of the African Peer Review Mechanism

The African Peer Review Mechanism is a voluntary system whereby countries encourage each other to adopt NEPAD's policies that engender political stability and economic growth, development, and integration through the sharing of experiences among policy makers through mutual review. The APRM has four major organizational layers. An African peer review forum, composed of the Heads of State and Government that have volunteered to participate in the process, oversees the review process. This peer review forum in turn appoints a panel of five to seven eminent persons, to serve as the African peer review panel, which manages the review process and protects its integrity through overseeing the appointments of the technicians or institutions involved in the review process and reviewing the country reports. A country review team will conduct the actual review, which will receive technical and research support from the African Peer Review Mechanism secretariat.

There are five stages to the Africa peer review (APR) process. As a first step, the country under review will provide data on the economic and political situation to the secretariat to develop a "Draft Country Programme of Action." Next, the country review team will visit the country to evaluate the criteria provided by the country under review and meet with stakeholders, such as government

representatives, parliamentarians, political party members, civil society and the business community to develop a final "Country Programme of Action." In the third stage, the country review team uses the "Country Programme of Action" to develop an

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assessment of the country's economic and political practices to develop a "Draft Country Review Report," which is discussed with the country in question. The government has a chance to respond to the country review; its

comments will be attached to the review report. In the fourth stage, the country review team submits the review report to the APR panel, which then submits it to APR forum, with recommendations for the country under review. In the final stage, a country's APR report is publicized through regional and sub-regional organizations such as the African Union, the Pan-African Parliament, the African Commission on Human and People's Rights, the Peace and Security Council, and the Economic, Social and Cultural Council of the African Union, and the regional economic organization to which the country belongs. Following the publication of the APR report, the states are expected to undertake the reforms needed to improve governance. However, due to its voluntary nature, states do not have to implement the APRM panel's recommendations.

The peer review will in theory evaluate both economic and political indicators. However, the political institutions needed for the review of governing practices are not yet well developed. Various organizations will take responsibility for different parts of the peer review, which will account for the level of development already present and other constraints the reviewed country may face. The UN Economic Commission for Africa will undertake the review of economic governance and management and the African Development Bank will review banking and financial practices, but it remains less clear which organizations will provide the

indicators for the political environment in a country. As it stands, the African Union will review the level of democracy and assess political governance through several of its divisions. Yet, many of the divisions that would serve as natural candidates for a review of governance practices – such as the Conference on Stability, Security, Development, and Cooperation in Africa – are not operational.

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Conditions for a Reliable African Peer Review Mechanism

In addition to ensuring that African states adopt the norms of good governance and sound socio-economic policies, the APRM also serves as a barometer to the donor community on Africa’s progress. Thus, the APRM must be reliable; this means that the peer review mechanism’s reports must produce a truthful representation of a country’s political and economic situation. More concretely, I argue that the major indicators of a reliable peer review mechanism should include an evaluation of the type of APRM panel members (are they truth-tellers or biased?), the APRM’s potential for creating pressure to adopt reforms, and the financing scheme for the APRM.

The African Peer Review Panel

The APR Panel should be composed of members likely to portray a country accurately. Concerns for a superficial overview of the APRM are not ungrounded. Calling attention to political problems in one state might affect the whole region. As a case in point, Zimbabwe’s highly publicized land resettlement issues and political violence led many to view the southern African region as unstable – this despite the fact that compared to other regions it was relatively stable and Botswana has traditionally registered high rates of economic growth. As Humphrey’s and Bates (2002) note, investors discount

African economies disproportionately more steeply than other region’s economies. Thus, it may not be in a country’s interest to draw attention to its neighbor’s questionable policies. The APRM must overcome the incentives for a superficial review; it must convey an important signal of the mechanism’s potential to deliver an accurate reading of a country’s policies.

The APRM panel’s credibility will depend on whether the reputation they have built will suffer if they approve a less than realistic picture of a particular country. In other words, conveying the impression of “covering up” for bad regimes will cost the APRM panel members later. Hence, the political and institutional backgrounds of the peer review panel should constrain them to portray an accurate picture of a country’s situation; the members of the APRM panel should be above reproach and independent of Africa’s patron-client network. The seven members of the “eminent persons” group that has been approved for the peer review panel - Graça Machel, Adebayo Adedeji, Marie-Angelique Savané, Bethuel Kiplagat, Dorothy Njeuma, Mourad Medelci, and Chris Stals are well known in Africa and internationally. Table 1 indicates some salient achievements of the panel members.

The composition of the review panel helps to meet the first criteria of a reliable peer review commission: many, like Machel and Adedeji, have reputations as frank individuals and all have publicly visible commitments

to political and economic reform. For these relatively well-known people, engaging in covering up of a country's shortcomings – especially in this closely watched entity – conceivably carries with it relatively high costs for the future, given their international renown. The group members may not want to ruin their reputation by not being forthright about a country's situation.

Creating Pressure to Adopt Reforms

A goal of the APRM is to encourage “the adoption of policies, standards and practices that lead to political stability, high economic growth, sustainable development and accelerated sub-regional and continental economic integration....” Consequently, the country review agenda contains recommendations on how to overcome weaknesses. In this case, the APRM can convey an intention to push countries to adopt reforms if it can successfully show that sufficient pressure exists for a country to alter its policies. Presently, this is one of the weakest parts of the APRM.

According to the APRM, an unfavorable peer review does not result in sanctions from the African countries. Instead, the peer review will undertake a “constructive dialogue” if a country does not show a “demonstrable will to rectify the identified shortcomings.” The constructive dialogue will be accompanied by “technical and other appropriate assistance.” If a country still refuses to comply, member states will take “appropriate mea-

sures by a given date.” However, these actions will only occur as a last resort. These vague measures neither penalize a country for an unfavorable review nor provide it with incentives

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to undertake the recommendations of the review or take steps to avoid an unfavorable review.

Entities outside Africa may impose penalties. Only countries with a favor-

able review and willing to take steps toward political, democratic, and economic reform, will receive any additional funding, above that for humanitarian crises. The underlying rationale for this resembles that which guided past development assistance schemes: to avoid financial hardships, countries would change course. In fact, the literature points to a very weak correlation between internal political change and economic penalties. Moreover, withholding funding from countries with poor governance may worsen the humanitarian conditions from which they already suffer, due to the poor governance. Furthermore, denying aid has an effect only if the governments feel pressure from their constituents.

A more useful strategy may lie in making a negative peer review not only undesirable from a public relations perspective, but a harbinger of internal pressure on the government to change. In other words, the cost of a negative peer review must be high. In this regard, the manner in which the APR panel publicizes peer review reports matters – the information must reach local organizations. Currently, the protocol for the peer review requires that country reviews be published at the sub-regional and continental level. But, many national civil society organizations do not have strong links with the sub-regional and continental organizations, thus limiting the effect of the peer review. For a greater effect, the APRM should share the peer review with media, civil society organizations, academia, and

other institutions with a local reach. In this way, it increases the chances that the government will respond to internal pressure to change.

Involving organizations and the media at the local and national level may increase the government's domestic cost of bad review. It has the potential to create domestic pressure to change. In fact, civil society mobilization has proved instrumental in past reforms; it played a key role, in combination with international pressures, in engendering democratization efforts in many countries in Africa during the 1990s. Still, limitations exist to broadcasting a peer review to national and local organizations; governments with narrow political participation may not experience the same repercussions as governments with better institutions.

Financing the APRM

While, no budget has been set for the APRM, the proposed scheme calls for the APRM to raise money primarily from states participating in the peer review. The APRM emphasizes to keep financial assistance from the international community low, so as to not compromise the degree of African ownership of the peer review. Yet, while mindful of the drive to retain African ownership of the APRM, the financing scheme raises concerns that the APRM may be under-funded and lack independence.

It is questionable if countries that have not regularly paid their dues for membership in the new African

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Union and other regional initiatives over the years will now pay for the operation of the APRM. Indeed, the new African Union recently reported arrears of nearly \$39.9 million out of a budget of \$43 million. Moreover, since the funding of the APRM will come from participating countries only and not all the 54 states in Africa, the levy will be disproportionately borne – possibly increasing the chance of default. An under-funded APRM could cause two serious problems. Member states may find it difficult to provide sufficient or adequate information on their country's policies. Alternatively, citing lack of funds, member states may slow down the process of review. Each of these pitfalls will affect the reliability of the APRM's signal and increase the chance that a review will

only be superficial.

Relying disproportionately on resources from African states can also be used to bias the peer review. A participating state may refuse to contribute its levy, as a means of protesting an unfavorable review – holding the APRM hostage. Seeking outside funding may hedge against shortfalls in revenue resulting from countries using their contribution to control the outcome of a review, as well as legitimate economic difficulties. Still, external funding has similar problems: the danger exists that external organizations could also hold the APRM hostage to produce particular outcomes that correspond to donors' requests. Thus, African states should obtain a balance between external and indigenous resources – but diversification of resources is a

critical element of a reliable APRM.

Conclusion

As the most visible measure of the progress of African states adopting norms of good governance and sound economic policies, and because of the importance it has assumed for the G8, the APRM must deliver a reliable signal. To this end, three important criteria emerge. First, the APR panel must be seen as truth-tellers, a requirement that the first set of APRM panel members fulfills; they are prominent Africans with reputations for forthrightness and commitment to social reform. Secondly, the APRM should engender internal pressures for political and economic reforms; as such provisions should exist to significantly involve organizations at the national and local levels in the dissemination of the peer review. Finally, the APRM should diversify its financing scheme to guard against financial shortfalls and ensure independence.

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Table 1: Composition of the African Peer Review Panel

Graça Machel	Known internationally for her work with UNICEF and the effect of armed conflict on children, as well as for her forthrightness.
Adebayo Adedeji	A critical figure in developing the Economic Community of West African states and appointed as Executive Secretary of the UN Economic Commission for Africa from 1975-1991. Adedeji has also been critical and skeptical of NEPAD – making it unlikely that he will rubber-stamp the APRM.
Marie-Angelique Savané	Former Director of the UN Population Funds (Senegal). Savané served as a member of the Commission on Sustainable Consumption, to develop policy for efficient resources management and is a founding member of the Association of African Women for Research and Development.
Bethuel Kiplagat	Former Kenyan Ambassador to France and the United Kingdom. Kiplagat has headed efforts to resolve the conflicts in Eastern Africa through his leadership of the Africa Peace Forum.
Dorothy Njeuma	Former Vice Minister of Education for Cameroon. Njeuma developed a reputation as an efficient public manager and has served as the Vice-President of the Association of African Universities and on the United Nations University's governing board.
Mourad Medelci	Served variously as Minister of Trade, Budget and Finance, has led international organizations, and is also active in civil society organizations.
Chris Stals	Former President of the South African Reserve Bank from 1991 - 1998. Stals has a reputation as a fiscal conservative.

References

- 01 In contrast to past programs that also conditioned development assistance on the same principles of good governance and sound economic policies, NEPAD originated from African presidents - South Africa's Thabo Mbeki, Nigeria's Olusegun Obasanjo, Algeria's Abdoulaiziz Bouteflika, Senegal's Abdoulaye Wade, and Egypt's Hosni Mubarak — and not the international financial institutions. Thus, it is argued that one of NEPAD's distinguishing characteristics is the demonstrated political will of African governments for change.
- 02 A general overview of NEPAD may be found online from New Partnership for Africa's Development (NEPAD), October 2001 (available from http://www.touchtech.biz/nepad/files/documents/nepad_english_version.pdf November 5, 2003). Specific references to political, governance, and economic reforms are found in paragraphs 71-89. The agreement for reform was adopted in the Declaration on Democracy, Political, Economic and Corporate Governance (available from <http://www.touchtech.biz/nepad/files/documents/2.pdf> November 5, 2003).
- 03 GB, Africa Action Plan, July 2002, paragraphs 4,7 (available from <http://www.g8.gc.ca/2002kananaskis/kananaskis/afraction-en.asp> October 28, 2003).
- 04 UN General Assembly, The New Partnership for Africa's Development (A/58/254), 7 August 2003, paragraph 27 (electronic version). 05 NEPAD, The African Peer Review Mechanism (available from <http://www.touchtech.biz/nepad/files/documents/49.pdf> November 5, 2003)
- 06 GB, Africa Action Plan paragraphs 4,7.
- 07 Those countries are: Algeria, Burkina Faso, Cameroon, Republic of Congo, Ethiopia, Gabon, Ghana, Kenya, Mali, Mauritius, Mozambique, Nigeria, Rwanda, Senegal, South Africa, and Uganda.
- 08 Shakeman Mugari, "First Phase of African Peer Review in December," Zimbabwe Independent, October 3, 2003 (available from <http://allafrica.com/stories/printable/200310070878.htm> November 5, 2003).
- 09 NEPAD, The African Peer Review Mechanism, paragraph 3; See also UN General Assembly, The New Partnership for Africa's Development, paragraph 12; and NEPAD, Objectives, Standards, Criteria and Indicators for the African Peer Review Mechanism (the "APRM"), NEPAD/HSCIC-03-2003/APRM/Guideline/OSCI, 9 March 2003 (available from <http://www.touchtech.biz/nepad/files/documents/110.pdf> November 5, 2003).
- 10 NEPAD, African Peer Review Mechanism Organization and Processes, sections 1-5.
- 11 Ibid, section 7.
- 12 Malachia Mathoho, "An African Peer Review Mechanism: a panacea for Africa's governance challenges?" Policy brief 29, Centre for Policy Analysis August 2003, p. 12 (electronic version).
- 13 See: NEPAD, The African Peer Review Mechanism, paragraph 24.
- 14 UN General Assembly, The New Partnership for Africa's Development, paragraph 11.
- 15 NEPAD, African Peer Review Mechanism, paragraphs 2-3.
- 16 USAID, USAID/Regional Center for Southern Africa: Annual Report FY 2003, p. 3 (available from http://www.dec.org/pdf_docs/PDABX846.pdf November 5, 2003).
- 17 Macartan Humphreys and Robert Bates, "Political Institutions and Economic Policies: Lessons from Africa," CID Working Paper, no. 94, Center for International Development, Harvard University, September 2002 (Available online from <http://www.cid.harvard.edu/cidwp/pdf/094.pdf>, December 6, 2002), p. 3.
- 18 Staking one's reputation is an effective means of commitment if acts can be publicized. In this case, the APRM is under intense scrutiny and its eminent panel members are very public figures. Conceivably, an APRM panel member can argue that its reputation as an upstanding critical public figure would require it to portray an accurate picture of a country's policies (See Thomas Schelling, *The Strategy of Conflict* [Cambridge, MA: Harvard

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- University Press, 1980]; and David M. Kreps, *Game theory and Economic Modelling* [New York : Oxford University Press, 1990]].
- 19 "Graça Machel: Children's Champion," BBC News 28 August 2001 (available online from <http://news.bbc.co.uk/1/hi/world/africa/1513267.stm> October 23, 2003).
- 20 International Peace Academy, *NEPAD: African Initiative, New Partnership?* July 2002, New York, pp. 18 – 22.
- 21 Commission on Sustainable Consumption, *Newsletter no. 4*, July 2000 (available from <http://users.ox.ac.uk/~ocees/> October 23, 2003).
- 22 "APR Panel Gets to Work," *NEPAD Dialogue* (available from http://www.un.org/specialrep/ohrls/News_flash2003/8%20Oct%20NEPAD%20English%20E-Newsletter%20No.%2020.htm November 14, 2003).
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- 24 "APR Panel Gets to Work."
- 25 NEPAD, *The African Peer Review Mechanism*, paragraph 3.
- 26 *Ibid.*, paragraph 24.
- 27 *Ibid.*
- 28 *Ibid.*
- 29 *Ibid.*
- 30 GB, *Africa Action Plan*, paragraphs 7-9.
- 31 On the effects of sanctions see: Chantal de Jonge Oudraat, "Making Economic Sanctions Work," *Survival* vol. 42, no. 3 (Autumn 2000), pp. 115-117 (electronic version).
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- 33 This suggestion is also made by Malachia Mathoho, "An African Peer Review Mechanism," pp. 8-9.
- 34 Larry Diamond, "Introduction," in Larry Diamond and Marc F. Plattner (eds.) in *Democratization in Africa* (The Johns Hopkins University Press: Baltimore, 1999), p.xi and Richard Joseph, "Africa, 1990-1997: From Abertura to Closure," in *Ibid.* p. 10.
- 35 NEPAD, *African Peer Review Mechanism Organization and Processes*, section 8.
- 36 Jakkie Cilliers, "From Durban to Maputo: A review of 2003 Summit of the African Union," Institute for Security Studies, ISS Paper 76, August 2003, p.2. (electronic version).
- 37 NEPAD, *The African Peer Review Mechanism*, paragraph 3.