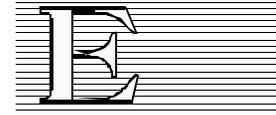




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ECONOMIC COMMISSION FOR AFRICA

Twenty-third meeting of the Committee of Experts
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ECONOMIC COMMISSION FOR AFRICA

Thirty-seventh session of the Commission/Conference
of African Ministers of Finance, Planning and
Economic Development

Kampala, Uganda
21-22 May 2004

ANNUAL REPORT 2004

CHAPTER I

Recent Economic and Social Developments in Africa: An Overview

Introduction

The major development challenge facing African countries is to achieve the Millennium Development Goals (MDGs), in particular, meeting the target of halving the proportion of the population living in absolute poverty by 2015. To reach this goal, economic growth has to be sustained at an average of 7 per cent per annum. But so far, on average, annual real GDP growth in Africa has remained below 4 per cent and per capita GDP growth below 2 per cent.

The estimated growth of real GDP in Africa is 3.6 per cent in 2003, compared with 3.2 per cent in 2002. This modest rise in growth was due to increases in agricultural production in several countries, especially in North and West Africa, relative improvement in global economic conditions, higher world commodity prices, in particular, oil increased foreign direct investment inflows, and a better macroeconomic policy environment in several African countries.

Another important factor in Africa's improvement in economic performance is the cessation of hostilities as well as progress made towards the restoration of peace in several African countries, including Burundi, the Democratic Republic of Congo, Liberia, and the Sudan.

The prospects for higher growth in 2004 and beyond are generally positive, in view of the increasing effort toward good economic management, peaceful resolution of conflicts, and good governance. However, the external environment, in particular, fair and just global trading rules, access to OECD markets, improved terms of trade for African exports, and more effective development assistance, constitute vital factors determining how fast Africa can grow between now and 2015.

Economic situation in Africa in 2003

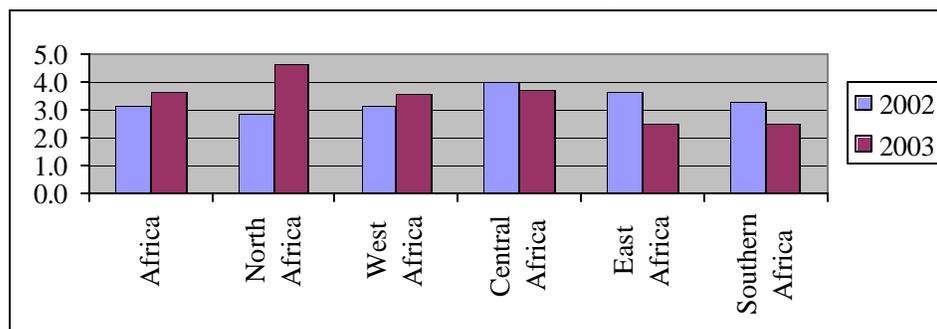
Favorable external conditions, as well as improved domestic policies in several African countries resulted in better economic performance in 2003. Two subregions, North and West Africa, posted stronger growth in 2003 than in 2002 while Central, East and Southern Africa witnessed slower real GDP growth (See Figure 1).

The solid growth in **North Africa** at 4.7 per cent was due to increased agricultural production resulting from good weather conditions, higher oil production, a recovery in the tourism sector as well as favorable domestic policies. In **West Africa**, real GDP grew by 3.6 per cent compared to 3.1 per cent in 2002. Fuelled by high prices for oil, gold and cocoa, the economies of Nigeria and Ghana contributed to this positive result.

Growth in **Central Africa** declined from 4 per cent in 2002 to 3.7 per cent in 2003, although the region benefited from the boom in the oil sector, particularly in Equatorial Guinea and Chad. In **East Africa**, real GDP growth fell from 3.6 per cent to 2.5 per cent in 2003. Poor climatic conditions in Ethiopia and a slow-down in construction activities in Uganda contributed to this outcome. In **Southern Africa**, GDP growth slowed down to 2.5 per cent as a result of tighter monetary policy in South Africa, the largest contributor to economic activity in the

subregion, and the continued adverse effects of the recent drought in the region. In Angola, oil production remained vibrant though at a more modest pace than in 2002.

Figure 1 : Real GDP growth in Africa and the subregions in 2002 and 2003*
(% change)



* Data are weighted by country GDP relative to overall African GDP.

Source : Economic Commission for Africa

The number of countries with single digit inflation increased from 33 in 2002 to 38 in 2003 due to the implementation of sound monetary policy in the region. Nevertheless, inflation rose slightly to 10.6 per cent in 2003 compared to 9.3 per cent in 2002. This increase reflected higher food prices in some parts of Africa, higher oil-import prices as well as currency depreciation.

Several countries experienced a depreciation of their currency in 2003. In Egypt, following the adoption of a floating exchange rate regime by the authorities, the pound depreciated. The social tensions in Zimbabwe impacted negatively on the value of its currency. In contrast, the CFA franc continued to appreciate against the US dollar in 2003 because of the depreciation of the dollar against the euro. For countries such as Gabon, Mali and Senegal, the resulting loss of competitiveness due to the strengthening of their currency may limit their ability to take full advantage of opportunities to increase exports to the United States under the African Growth and Opportunity Act (AGOA). In South Africa, the rand also appreciated against the US dollar owing to relatively high domestic interest rates.

The regional current account deficit fell from 1.6 per cent of GDP in 2002 to 0.7 per cent in 2003, driven partly by the effect of robust oil prices and high worker remittances during the year. Out of the 44 African countries for which data are available, 10 had current account surpluses while 34 registered deficits. Several countries such as Chad, the Gambia, Mozambique and Seychelles posted unsustainable current account deficit levels.

Global economic developments in 2003

In 2003, positive economic developments in the United States increased the pace of recovery in the global economy. The world real GDP grew at an estimated rate of 2.5 per cent, up from 1.2 per cent in 2002. Solid private consumption and business investment as well as high public spending, owing notably to the war in Iraq, contributed to the improvements in the United States economic performance. In Europe, economic activity gained momentum in the second half of 2003 due to improved external demand but real GDP growth was only 0.6 per cent in 2003

compared to 1 per cent in 2002. The strong recovery in the United States provided better opportunities for exports from African countries, especially those benefiting from AGOA, while the low performance in Europe partially offset this positive impact.

Asian countries showed some clear signs of recovery throughout the year. China remained the fastest growing economy in the region. In Japan, after a long period of economic stagnation, real GDP increased by 2 per cent in 2003. Solid exports, mainly to neighbouring Asian countries, contributed to this recovery. India also had very good economic performance. The increased-demand for raw materials and energy from China bodes well for African countries. Indeed, in the context of the strengthened partnership established between China and Africa since 2000, total trade between the two partners has surged reaching more than 12 billion US dollars in 2002. Preliminary estimates indicate that this fast increasing trend continued in 2003.

The global economic recovery had a positive impact on world commodity prices. Oil prices surged before the war in Iraq early in 2003 and, despite a fairly rapid return to pre-war levels, the average price for the year remained significantly higher than in 2002. Copper, gold and cotton prices rose significantly in 2003 while prices of coffee, cocoa and tea remained close to their 2002 levels. That notwithstanding, it should be noted that the prices of several key commodities for Africa remained well below their historical averages.

Prospects and challenges for Africa in 2004

In the Economic Report on Africa (ERA) 2004, it is expected that real GDP growth in Africa will accelerate to 4.4 per cent in 2004, up from 3.6 per cent in 2003. This increase is due to an anticipated rise in metal and mineral prices as global growth gains momentum. In addition, increased agricultural production is expected to continue owing to improved weather conditions. Despite a projected decline, oil prices will remain at a high average during the year providing favorable conditions for oil producing countries. Moreover, efforts at reconstruction in countries emerging from civil conflicts should result in improved overall growth performance in the region.

Several African countries are not likely to achieve the MDGs at current trends. However, recent projections by the UN Millennium Task Force indicate that, if the international community could muster courage and mobilize resources, in the form of development assistance and better market access, every country could achieve most of the MDG targets, if not all by the target date of 2015.

Role of global and intraregional trade in Africa's development

There is widespread recognition that Africa needs to be better integrated into the world economy to improve its external resource base for accelerated growth and development. However, Africa is increasingly marginalized in the global economy, benefiting only marginally from international trade and investment flows.

For instance, Africa's share of world exports has sharply declined over the last twenty years, moving from 4.6 per cent in 1980 to 1.8 per cent in 2000. In comparison, developing countries as a whole have seen their share of exports rising from 28.6 per cent to 31.5 per cent

over the same period. Moreover, Africa's share of global manufactured exports remained stable at a meager 0.8 per cent while developing countries saw their share jumping from 10.6 per cent in 1980 to 27.2 per cent in 2000. The result of declining shares in world total exports and in manufactured exports for Africa is the growing balance of trade deficits, diminishing absorption capacity, and slower real GDP growth rates.

Given the importance of trade issues for the development agenda of the region, the ERA 2004 provides an in-depth analysis of the opportunities and challenges the continent faces to successfully integrate into the global economy. The report argues that through regional and global integration, Africa will be in a better position to reap the benefits of larger markets and access to technology.

Despite long history of initiatives to foster integration, create free trade zones or customs unions in Africa, intraregional trade remains at very low levels. Hampered by weak transportation, financial, legal and production infrastructure, much of the trade among member States goes through "unofficial" channels, across unapproved border routes. The multiplicity of Regional Economic Communities (RECs) with overlapping country membership, the lack of collective efforts towards common objectives and the counter-productive competition among institutions make it difficult for African countries to register significant progress in this area.

To accelerate the pace of development and reduce poverty in the region, African policy makers need to integrate trade into national growth and development policies and programmes. In particular, there is need to address the constraints that prevent the region from integrating regionally and globally. The debates and discussions to rationalize the RECs need to be prioritized. RECs must sustain their efforts to apply the treaties and protocols signed by member States. In addition, concerted efforts should be deployed to eliminate barriers that constrain the expansion of trade, in particular, the weak transport and communication infrastructure.

At the global level, Africa needs to play a greater role and have a greater impact in multilateral trade negotiations. In this sense, Africa must press the case for policy coherence among OECD countries, to provide reasonable access to African exports, fair and just global trading rules, improve the delivery of development assistance through improved coordination and alignment of donor practices with national programmes, and to concretely restrain "dumping" practices that hurt the development of Africa's emerging production bases.

In pursuance of these objectives, Africa should on its part devote more attention to deeper understanding of the role of trade in national development, to develop tools for critical analysis of trade impacts on employment generation, build and maintain comprehensive and performing national statistical systems to provide supporting data to inform policy in a timely fashion, and build capacity in trade policy and negotiations.

CHAPTER II

MAJOR ACTIVITIES UNDERTAKEN BY THE SECRETARIAT SINCE JUNE 2003

The activities carried out by the Commission since its last session took place in a context of modest economic recovery and adaptation by African economies to relevant trends and events taking place in the world economy. Assisting member States to reinforce these trends has defined the analytical, advocacy and advisory work of the Commission during the period under review.

The report which follows details ECA's work in the past year in promoting the economic and social development of Africa through the implementation of activities in *seven* complementary and interdependent subprogramme areas which broadly reflect the priorities and challenges confronting Africa: *Facilitating economic and social policy analysis; Fostering sustainable development; Strengthening development management; Harnessing information for development; Promoting trade and regional integration; Promoting the advancement of women; and Supporting subregional activities for development.* Under each of the subprogrammes, an effort has been made to promote convergence of thematic issues and sectoral priorities in support of the attainment of the goals of NEPAD, the Millennium Declaration and the outcomes of other global conferences with special emphasis on the Brussels Programme of Action for the Least Developed Countries (LDCs), Doha Development Agenda, the Monterrey Consensus, the Johannesburg Plan of Implementation and the Action Plan Adopted at the World Summit on the Information Society.

1. Facilitating economic and social policy analysis

The activities carried out under this subprogramme during the period under review were aimed at strengthening the capacity of member States to design and implement appropriate economic and social policies and strategies to achieve sustained economic growth for poverty reduction in line with the priorities of the Millennium Declaration and NEPAD. In this regard, particular emphasis was placed on economic policy analysis; development issues related to social policy and poverty analysis; issues related to trade and finance; and statistical development.

In the area of economic policy analysis, the secretariat prepared and published the 2003 edition of the *Economic Report on Africa (ERA)* under the theme, *Accelerating the pace of development.* The secretariat also completed work on the 2004 edition of the ERA which focused on the theme, *Unlocking Africa's trade potential.* Both reports provide assessments of the current trends and near-term outlook of the African economies and analyze the factors affecting their performance, taking into account developments in the global economic environment. In particular, the reports identified the policy challenges that African countries need to address in achieving the growth rates required for attaining the MDGs. Among the policy priorities identified in the report are addressing spatial poverty, achieving fiscal sustainability, strengthening national bureaucracies and ensuring mutual accountability and policy coherence.

The 2003 report reveals that only 5 out of 53 countries achieved the necessary growth rate of 7 per cent for meeting the MDGs in 2002, with 43 countries registering growth rates of below 7 per cent and 5 countries with negative growth rates. For the region as a whole, real GDP grew at an average of 3.2 per cent in 2002, compared with 4.3 per cent in 2001. The economic slow-down was partly due to the slow recovery of the global economy, decline in oil prices, and drought in some parts of the continent. The social situation in Africa was made worse by the devastating impact of HIV/AIDS and armed conflicts. The 2003 report also supplements the traditional region-wide analysis of trends with seven in-depth country studies on Uganda, Ghana, Rwanda, Mozambique, Mauritius, Egypt and Gabon.

In the overview of the ERA 2004, ECA notes that after the disappointing economic performance of the 1980s and 1990s, there has been a return to positive rates of per capita economic growth in most of the continent, and with an acceptably good macroeconomic performance. However, Africa's rates of growth are still well below the annual average 7 per cent needed to fulfill the MDGs. Moreover, the economic recovery is fragile and in some parts of Africa, it has been overly dependent on the vagaries of the weather and international commodity prices, something which obviously cannot be counted upon all the time. A number of political and military conflicts also continue to jeopardize the achievements of recent years. For 2003, the report reveals that a combination of sound macroeconomic fundamentals, higher levels of investment and rising commodity prices across much of the continent, led to an average GDP growth of 3.6 per cent, compared to 3.2 per cent in 2002. The report underlines the need to secure stronger and more lasting foundations for Africa's engagement in international trade as a basis for longer-term sustained growth and poverty reduction.

ERA 2004, takes an introspective look at policy measures that Africa needs to put in place in order to benefit from existing and future opportunities in the global trading system. It addresses fundamental issues facing African policy makers and demonstrates the need for a concerted effort to diversify the productive structures of Africa's economies. The Report presents a Trade Competitiveness Index (TCI) as a tool for policy makers in their search for well-coordinated strategies to develop their countries' competitive strengths and remove bottlenecks to their performance. Among the strategies recommended are promoting export capacity and facilitating structural diversification through the adoption of a coherent diversification policy, job creation, focusing on small and medium enterprises (SMEs), and improving efficiencies in infrastructure.

The work of the ECA secretariat in the area of social policy and poverty analysis during the period under review focused on activities in support of the efforts of member States in achieving the goals of NEPAD and the Millennium Declaration. These included preparation of analytical studies and other research activities aimed at assisting member States understand the structural causes of poverty in order to help them design and implement effective pro-poor policies and strategies for eradicating it. Several studies were also undertaken which examined the policy and methodological issues involved in poverty measurement in Africa. In addition, the secretariat organized an ad hoc experts group meeting in Kampala, Uganda, in June 2003 to discuss and analyze the impact of pro-poor growth strategies on such sectors as education, labour, health, tourism and agriculture.

As part of efforts aimed at strengthening poverty reduction strategies papers (PRSPs) process and other nationally-owned development strategies, which are deemed essential in

achieving the MDGs, ECA convened the third meeting of the learning group on poverty reduction strategies papers (PRSP-LG) in Addis Ababa in December 2003. The meeting brought together several African policy makers and development experts to share experiences and information on best practices on poverty reduction issues and identify weaknesses in the design and implementation of PRSPs. Building on the successful outcomes of the first and second meetings, the third meeting of the PRSP-LG examined how the process is unfolding in the continent, the extent to which African countries are taking advantage of the framework to focus on poverty reduction, and the degree to which it is influencing the conduct of Africa's major development partners and shaping the new aid relationship. The meeting considered five major clusters of issues important for the process - content and comprehensiveness of growth strategies; costing; budgeting and financial management; institutionalization of participation; national capacity needs; harmonization of donor policies and the impact of HIV/AIDS on growth and poverty reduction. The meeting also considered the feasibility of social safety nets as antidote to poverty in Africa.

Participants observed that there is an increasing engagement with the issue of poverty across the continent by stakeholders and the quality of PRSPs is improving across the board. However, it was noted that more efforts are needed to ensure the consistency of these strategies with macroeconomic policies, structural reforms and sectoral strategies and outcomes for sustained long-term growth. The meeting further noted that poor and inadequate data are a constraint to the depth of the analysis underpinning the PRSPs process, and emphasized the need for better integrating growth strategies into the process. The need for countries to strengthen capacities for costing and monitoring their PRSPs was also underscored. On the donor side, the meeting stressed the need for greater coordination and harmonization of policies and programmes, to simplify reporting procedures and reduce the high transaction costs.

Two workshops on capital markets development were organized by the secretariat during the period under review as part of efforts aimed at enhancing resources mobilization for achieving the MDGs in Africa. The first workshop, held in Johannesburg in October 2003 for countries in eastern and southern Africa brought together more than 60 participants including several Ministers of Finance, other senior government officials, Chief Executive Officers of several banks and stock exchanges in Africa to discuss a wide range of issues related to the development of capital markets in Africa including the role of government in the process, the role of public education, the importance of accurate economic data, the development of debt and other markets and the need for a sound and transparent governance system for African capital markets.

The second workshop in Cairo, Egypt, for countries of the North Africa subregion drew participants from several major regional and international financial institutions including several African stock exchanges, the ADB, the IMF, and the US Securities and Exchange Commission. The workshop considered ways to strengthen the regulatory environment, increase liquidity, develop new financial products and increase participation of both domestic and foreign companies in North African capital markets. Other issues addressed included risk management and bond market development. The workshop ended with a consensus on the need for increased coordination and harmonization of efforts to develop capital markets in Africa. In that respect, a steering committee of major stakeholders was established to coordinate technical capacity-building efforts in the region. Members of the committee include the US Securities Exchange Commission, the IMF and ECA. The organization of both workshops further demonstrated

ECA's growing collaboration with the private sector – the Johannesburg workshop was jointly organized with Rand Merchant Bank, one of Africa's largest banks; and the Cairo workshop was organized in collaboration with J.P. Morgan Investment Bankers as well as the Cairo and Alexandria Stock Exchanges. Also, in October 2003, an ad hoc experts group meeting on fiscal policy and growth in Africa was organized in Addis Ababa to examine the challenges of decentralization, fiscal federalism and taxation and their implications for growth and poverty reduction in the region based on various country experiences.

In support of the continent's debt relief agenda, ECA, in collaboration with the Government of Senegal organized an experts group meeting in Dakar, Senegal in November 2003 to discuss strategies, policies and initiatives for resolving the external debt problem in the broader context of mobilizing resources for financing the MDGs in Africa. The meeting drew participants from several African Ministries of Finance and Central Banks, as well as experts from regional and international organizations including the African Union Commission and the NEPAD Secretariat, several NGOs, the IMF, and the World Bank. The discussions were organized around five major themes namely, legal aspects of external debt relief; towards debt sustainability; financing debt relief for development; minimizing the impact of commodity volatility; and need for in-depth analysis of external debt in selected African countries.

The meeting recommended the establishment of an Ad hoc Technical Committee under ECA's leadership to facilitate a timely and collective response to emerging policy proposals on debt relief that would ensure Africa's permanent exit from the debt trap. The Committee would have representation from the NEPAD Secretariat, the African Union, the African Development Bank, selected member States and the Regional Economic Communities (RECs). The recommendations of the expert meeting would be presented to the next session of the ECA Conference of Ministers for endorsement, and will inform the ongoing dialogue on the debt issue in the international community.

In the area of statistical development, several activities were undertaken, aimed at strengthening the capacity of member States for the collection, processing, analysis and dissemination of data in support of the policy and decision-making process at the country level. Particular attention was also given to improving the range and quality of data for tracking progress in achieving the MDGs and the priorities of NEPAD. Specific activities undertaken in this regard, include the organization of workshops and experts group meeting to highlight best practices and share experiences on the development of indicators for poverty measurement; and the provision of technical assistance to member States in strengthening the capacity of national statistical agencies for the collection, storage and analyses of household survey, and the construction of time series data on important economic and social variables.

November 18, each year, Africa celebrates Africa Statistics Day by organizing series of events to inspire reflection on the value of statistics for decision-making and the need to strengthen national statistical capacities. The theme for Africa Statistics Day for 2003 was ***Monitoring progress in the realization of the MDGs: The challenge for statistics***. To mark the day, ECA disseminated posters and issued a press release aimed at creating greater public awareness on the role of statistics in decision-making and for tracking progress on the MDGs. Other awareness-creation activities undertaken, include the preparation of the 2003 editions of the *African Statistical Yearbook*; *African Socio-economic indicators*; and the *Compendium of Intra-African and related Foreign Trade Statistics* to provide policy makers, researchers, other

development institutions and the public at large with information for their work. In addition, the secretariat participated in the 2003 annual session of the UN Statistical Commissions; the meetings of the Coordination Committee of Statistical Activities (CCSA); the Scientific Council of AFRISTAT; and PARIS 21 consortium.

A significant feature of NEPAD is its focus on transforming Africa's relationship with its development partners based on the principle of mutual accountability and policy coherence. To provide an opportunity for senior officials to forge a common position on these issues, the secretariat convened the thirty-sixth session of the Commission in Addis Ababa in June 2003 under the theme, *Towards greater policy coherence and mutual accountability for development effectiveness*. Discussions focused on the need for ensuring greater harmonization of donor policies and programmes, the need for wider market access for African exports; dismantling of agricultural subsidies of OECD countries; enhanced debt relief for heavily indebted low-income countries; and the modalities for undertaking mutual reviews of performance on both sides of the development partnership. The Conference also examined ways of making the IMF work better for Africa's development; and the macroeconomic impact of HIV/AIDS against the background of the work of the Commission on HIV/AIDS and Governance in Africa (CHGA).

In the Ministerial Statement adopted at the end of the Conference, the Ministers endorsed proposals aimed at advancing the agenda on these issues. With regard to specific measures for addressing the issue of mutual accountability for development effectiveness, the statement endorsed the proposal for a joint review to be prepared by the ECA and OECD Secretariats and submitted to the Conference of Ministers at its thirty-eighth session in 2005. Significant progress has been made during the period under review on the joint review and a progress report will be submitted to the 2004 session of the ECA Conference of Ministers.

As a direct follow-up to the discussions on mutual accountability and policy coherence, the secretariat convened a special session of the ECA Big Table forum in Washington, D.C. in October 2003 to examine how best the policies and practices of the Bretton Woods institutions (BWIs) could contribute to Africa's efforts towards achieving the MDGs. The discussions focused on a wide range of issues including the need for the World Bank and the IMF to design a programme of assistance for countries that suffer from exogenous macroeconomic shocks; the need to ensure that the policies of the BWIs are sufficiently aligned with countries' poverty reduction strategies; the need for resource additionality for meeting the MDGs and linked to this, are issues of quality and modalities for delivering assistance, including the place of conditionality and the balance between grants and loans.

The secretariat continued to strengthen its collaboration with various partners during the period under review. Collaboration with United Nations Department of Economic and Social Affairs (UN-DESA) continued in the preparation of the Report on *Global Economic Situation and Prospects* and participation in the PROJECT-LINK, an international collaborative research group for economic modelling jointly coordinated by DESA and the University of Toronto. Discussions have also been initiated with the NEPAD Secretariat with a view of providing support in the implementation of the African Peer Review Mechanism (APRM).

2. Fostering sustainable development

The activities implemented under this subprogramme during the period under review were aimed at enhancing the awareness and understanding of policy makers of the environmental foundations of sustainable development with particular focus on strengthening their capacities for better integrating the nexus of food security, population growth, environmental sustainability and sustainable natural resources management into national development plans and poverty reduction strategies. ECA's work under the subprogramme was also geared to creating awareness of the potential contribution of science and technology, including biotechnology to achieving food security and sustainable development. Understanding the linkages among the nexus issues and awareness of the need to integrate them into national development frameworks is growing in Africa, partly as a result of ECA's work in this area. As a result, during the period under review, the secretariat undertook a wide array of activities aimed at assisting member States in defining their environmental challenges and priorities, and identifying the strategies for addressing them.

In October 2003, the secretariat organized the third meeting of the Committee on Sustainable Development (CSD-3) in Addis Ababa under the overarching theme, *Making technology work for the poor*. In addition to preparing and submitting progress reports on its work in the area of sustainable development to the meeting, the secretariat also prepared and presented a paper on the theme of the meeting. The paper highlighted the potential contribution of science and technology to sustainable development in Africa, and outlined policy measures for democratizing access to science and technology and making it a tool for achieving sustainable development in Africa. In this regard, the paper recommended that African countries should promote new approaches that would shift the direction of scientific development from its current elitist and conservative emphasis, to new initiatives that are inclusive and populist, and which would be of more direct benefit to the poor. To develop the scientific and technological capacities of the poor, particular efforts should focus on the following areas: basic scientific literacy (education for all, particularly women); popularization (activities to develop a scientific culture); science communication (extensive use of the media to reach ordinary people); extension (targeted, especially at poor farmers); and application of appropriate modern technology by the poor. An important outcome of the meeting was the adoption of a recommendation to harmonize the work of the ECA Committee on Sustainable Development and that of the global Commission on Sustainable Development, and making the ECA Committee serve as a regional review forum for the global CSD. The Committee also took a number of other important decisions in providing guidance to the secretariat in its work under this subprogramme.

Six ad hoc experts group meetings were also organized during the period under review to address the following issues: indicators for measuring the state of food security in Africa; land tenure policies and their implications for food security and sustainable development in Africa; assessment of power pooling arrangements in Africa; green revolution in Africa; Africa regional ten-year review of the International Conference on Population and Development (ICPD+10); and minerals cluster development in Africa. In addition, the secretariat undertook research and prepared studies which addressed the following issues: land tenure systems and their implications for food security and sustainable development in Africa; the state of transition in population, environment, agriculture in Africa; minerals cluster development in Africa; improving public participation in the sustainable development of mineral resources in Africa; and mainstreaming mineral wealth in growth and poverty reduction strategies in Africa.

As a follow-up to the ad hoc experts group meeting which helped develop the road map to a green revolution in Africa, the secretariat organized an advocacy Ministerial Roundtable on the topic at the High-Level Segment of the UN Economic and Social Council (ECOSOC) in Geneva in July 2003. It also implemented a field project in Kampala, Uganda, in December 2003, bringing together key African researchers to identify appropriate indicators and provide input to the preparation of a methodology and strategy for designing and implementing a green revolution and agricultural modernization in Africa.

During the period under review, the secretariat continued to provide support in the implementation of the mining chapter of NEPAD. In collaboration with UNESCO, the secretariat provided technical assistance to the NEPAD process for revamping African science and technology. In this regard, it helped in commissioning working papers for an experts preparatory meeting held in Nairobi in October 2003, and participated in the Ministerial Meeting in Johannesburg which culminated in the adoption of an Action Plan and the establishment of a Ministerial Council for managing Science and Technology in Africa.

The Conference of African Ministers responsible for Mineral Resources Development endorsed the Yaounde Vision, a strategic framework which ECA and other partners helped to elaborate with the objective of mainstreaming mining, and particularly artisanal and small-scale mining (ASM) into national poverty reduction strategies. The Yaounde Vision has similarly been endorsed by the global network on ASM and the Communities and Small-scale Mining (CASM). In addition, ECA helped in the establishment of the Africa Mining Partnership as a mechanism for the implementation of the mining initiative of NEPAD. The Southern and Eastern Africa Mineral Centre (SEAMIC), an ECA-sponsored institution also received assistance in the development of its strategic plan covering the period 2004-2008. The Plan provides a blueprint for the Centre's transformation from a purely intergovernmental organization into a hybrid institution comprising government, private sector and other stakeholders.

With over 300 million Africans lacking access to safe drinking water and basic sanitation, water ranks as the most pressing natural resource challenge confronting the continent. To address this problem, ECA, in collaboration with several UN agencies and the African Development Bank organized the Pan-African Implementation and Partnership Conference on Water (PANAFCON) under the aegis of the African Ministerial Council on Water (AMCOW) in Addis Ababa in December 2003. The conference brought together more than 40 water and environment Ministers from around the continent, together with more than 1000 delegates representing intergovernmental organizations, NGOs and other stakeholders to address how to implement the actions detailed in the African Water Vision 2025, the WSSD Plan of Implementation, the NEPAD water agenda and the MDGs target on water, which include halving, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.

The conference launched the African Water Facility, with targeted funding of \$US 600 million for water and sanitation projects. Also launched was a rural water supply and sanitation initiative, supported by the ADB; the second phase of the UN-HABITAT water and sanitation for African cities project, supported by Canada; and the G8 Action Plan on Water for Africa. The outcomes of the conference were endorsed by the AMCOW and presented at the twelfth Session of the Commission on Sustainable Development in April 2004.

The secretariat also provided technical assistance to the Commission of the African Union through effective participation in all the activities of the Preparatory Committee of the Second Extraordinary Session of the Assembly of the African Union on Agriculture and Water. For example, it played an active role in the articulation of a framework for promoting agricultural development including development of strategic commodities and the establishment or strengthening of regional and subregional centres of excellence for agricultural research and education. These recommendations, as well as the outcomes of the PANAFCON on water were adopted by the Second Extraordinary Session of the Assembly of the African Union held at Sirte, Libya in February 2004.

At the global level, the secretariat assisted in preparing Africa's regional input to the Eleventh and the Twelfth sessions of the UN Commission on Sustainable Development (CSD11 and CSD12). In this connection, it organized and serviced the Africa Regional Implementation Forum held at CSD11 in April 2003, with a view to widely informing on and discussing initial steps taken in the region to implement the outcomes of the Johannesburg Summit on Sustainable Development and establishing new arrangements for regional or subregional cooperation. The Forum reached a broad consensus that sustainable development was crucial for poverty alleviation in Africa. It further stressed that the New Partnership for Africa's Development (NEPAD) was an appropriate framework for the implementation of the Johannesburg Plan of Implementation (JPOI) and the Millennium Development Goals (MDGs) in the region. Accordingly, the Forum called for further efforts at implementing the plans of actions developed for the NEPAD priority areas, with special emphasis on addressing challenges and obstacles to implementation, including the need for capacity-building, financial resources, market access, transfer of technology, addressing the challenge of the HIV/AIDS pandemic, malaria and tuberculosis. The Forum also called for improved coordination among government entities at the national level, between regional and subregional institutions and within the UN system.

As inputs to CSD12, the secretariat prepared reports on the Africa regional review on water, sanitation and human settlements. This review was further considered by African Ministers and other government officials, and representatives of the civil society, private sector and scientific community during the PANAFCON in December 2003. Noting the need to ensure the translation of international recommendations into national actions, the meeting expressed concerns that some African countries would not be able to meet the MDGs and JPOI goals and targets in the areas of water, sanitation and human settlements owing to several constraints. These include: weak institutional capacities at the national level; inadequate budgetary allocations and integrated responses by key ministries; insufficient international funding; negative impacts of globalization and of macroeconomic policies of some developed countries, particularly in the area of trade and market access; the continued degradation of the environment, notably the problem of drought and desertification; and unplanned settlements especially in the context of rapid urbanization as well as armed conflict and natural disasters. The outcomes of the Regional Implementation Meeting were presented and discussed at CSD12 in a Regional Plenary Session organized by the secretariat in April 2004.

3. Strengthening development management

A consensus has emerged that the discourse on governance in Africa should center on the capable state – one in which the public service, legislature, judiciary and statutory bodies provide

an enabling environment for all sectors of society to play their respective roles in national efforts to improve governance and consolidate the foundations for sustainable development. Taken together, the emphasis of NEPAD on good governance as embodied in the African Peer Review Mechanism (APRM), together with the need to achieve the MDGs, provide additional impetus for attaining the capable state in Africa. Addressing this challenge is the priority of ECA's work under the subprogramme on *Strengthening development management* under which activities are undertaken to promote good governance and enhance broad-based stakeholder participation in the development process.

During the period under review, the secretariat continued to work on the preparation of the *African Governance Report (AGR)*, the first edition of which is expected to be launched in October 2004 in Addis Ababa during the Fourth African Development Forum (ADF IV) which will focus on the theme, *Governance for a progressing Africa*. This inaugural edition of the Report will feature 28 country governance reports resulting from the ECA project on *Measuring and monitoring progress towards good governance in Africa* which has been running since 2000. As part of this project, ECA undertook extensive field work and country-level research in collaboration with several national research institutions to develop 83 core indicators that assess three broad areas of governance, namely political representation, institutional effectiveness and economic management and corporate governance. The survey instrument will be implemented in 12 more countries during 2004-2005 and the results will be published in the second AGR to be released at the end of 2005. The report is expected to stimulate dialogue and help build consensus on key issues for sustaining and internalizing the norms of good governance in Africa. As NEPAD moves towards implementation, it is envisaged that ECA's work in this area would serve as a key input to the APRM process.

In preparation for ADF IV, the secretariat organized three subregional workshops – for Eastern and Southern Africa in Lusaka (November 2003); for Central and West Africa in Accra (December 2003); and for North Africa including countries in the Horn of Africa in Cairo in December 2003. The workshops brought together representatives of Governments, civil society organizations, academic institutions and the private sector from the five subregions to discuss specific dimensions of governance which will inform discussions at ADF IV.

The second meeting of the Committee on Human Development and Civil Society was held in May 2003. The Committee provides a forum for governments, civil society and the private sector to engage in dialogue and enhance partnership in support of Africa's development. The meeting, organized in collaboration with UNAIDS, brought together 74 representatives from governments, civil society, academia and various intergovernmental organizations to deliberate on the theme of participation and partnership in Africa's development.

In order to facilitate the Committee's deliberations, the secretariat prepared and submitted a number of documents which provided the background to the discussions. The documents focused mainly on the importance of participation and partnership as the basis for addressing issues related to ethics and accountability in public service delivery; the rights of people to participate in the development process; the role of various stakeholders in the fight against HIV/AIDS; and the special development needs of countries emerging from conflict. Some of the recommendations of the Committee served as the basis for the regional input to the informal high-level panel discussion on HIV/AIDS which was organized as part of the 58th Session of the United Nations General Assembly in September 2003. The secretariat also organized two ad hoc

experts group meetings in May 2003 to review the following reports: *Reforms of public sector management: Lessons learnt; and Report on the State of African Governance*. In addition, a meeting of the Steering Committee of ADF IV was held in Addis Ababa in July 2003, to agree on the contents of the issues paper and the overall approach to the work of ADF IV.

4. Harnessing information for development

The main objective of the subprogramme is to strengthen national capacities for the utilization of ICTs, including strengthening capacities in the development and the use of information and knowledge systems (bibliographic, referral and spatial databases) as decision support tools for socio-economic development. Key to the attainment of this objective is the promotion of national policies and programmes geared towards building efficient information and communications infrastructures and creating an enabling regulatory environment for public and private sector participation in the delivery and application of information and communications technologies. Assisting member States achieve these objectives is the focus of ECA's work under its subprogramme on *Harnessing information for development*. To this end, many of the activities undertaken under this subprogramme during the period under review, focused on promoting the growth of an information society in Africa through harnessing information and communication technologies.

The first phase of the World Summit on the Information Society (WSIS) was held in Geneva in December 2003. The Summit brought together over 54 Heads of State, Prime Ministers, Presidents, Vice-Presidents and 83 Ministers and Vice-Ministers from 176 countries to discuss the challenges and opportunities of the global information society. The main outcome of the Summit was the adoption of Plan of Action and Declaration of Principles aimed at accelerating progress towards building a global information society. For example, the Plan of Action set a target for reducing by half, the number of people without access to ICTs by 2015. ECA played a vital role in preparing African countries for the first phase of the Summit, and has continued to provide support to its member States in preparing for the second phase of the WSIS scheduled to be held in Tunis in 2005.

As the Secretariat of the Bamako 2002 Bureau, ECA organized and facilitated several activities during 2003 as a follow-up to the African regional preparatory conference held in Bamako, Mali in May 2002. Series of meetings were organized during PrepCom 2, bringing together Bamako Bureau members and several African delegates to forge a common position for the Summit. The outcomes of these meetings served as inputs to the draft Declaration and Action Plan of WSIS.

Several activities were undertaken by the ECA secretariat to facilitate the participation and input of several stakeholders, including CSOs, the academia, the media as well as Africans in the diaspora, in the WSIS process, and define their respective roles in building the information society in Africa. Examples of these activities include the forum for African media practitioners held in Addis Ababa in May 2003; the retreat for the African academic community in June 2003; and the African Engineer's Day which was organized as part of activities during the World Congress on Engineering and the Digital Divide held in Tunis in October 2003.

The secretariat also took part in several side events at WSIS including participating in a number of panel discussions on the information society. These include roundtable discussions

focusing on digital opportunities, and the role of regional organizations in the development of national strategies for the information society. The Executive Secretary of ECA chaired a panel discussion on regional and subregional strategies for the information society. An exhibition was also mounted to showcase some of ECA's work in the area of information technology for development. Several delegates visited ECA's stand including the Presidents of Ghana and Mozambique and Ministers from several African countries.

In addition, ECA participated in the launch of several important initiatives and projects at the WSIS including Global ePolicy Resource Network (ePol-NET). This innovative initiative is designed to mobilize international support for the development of national e-strategies. The initiative will focus on providing e-strategies and related information in such areas as telecommunications policy and regulation; e-commerce and Internet policies; e-government strategies; and the use of ICTs in the social sectors, including health and education. With support from the Government of Canada, ECA has set up the African regional node of the ePol-NET to coordinate demand from African institutions seeking guidance and advice on e-strategies. Information on the Africa regional node can be accessed at <http://www.epolafrica.org>. The Summit also saw the launch of the African academia research network (in collaboration with the Ford Foundation) and a study on the state of media reporting on ICT and information society issues in Africa.

The following publications were also produced and published for the Summit: *Africa Speaks: Perspectives on Africa's Road toward the Information Society, Policies and Plans on the Information Society: Status and Impact; SCAN-ICT: Indicators of Information and Communications Technologies (ICT) - The Impact of Information and Communications Technology at the country level; e-Strategies: National, Sectoral and Regional ICT Policies, Plans and Strategies*. The study on SCAN-ICT aims to provide member States with indicators and benchmarks for measuring the impact of ICTs in various sectors of their economies. The study also describes the methodology and the project profile in each of the six pilot countries of Ethiopia, Ghana, Morocco, Mozambique, Uganda and Senegal.

The period under review also saw the launch of *SDI Africa: An implementation Guide* which aims to provide guidelines for the implementation of national and regional Spatial Data Infrastructures (SDI) that are adaptable to various African environments and conditions. The guide is the culmination of a cross-sectoral, participatory and consultative process involving a network of collaborating centres, advisory groups and individual experts including Global Spatial Data Infrastructure Association (GSDI) and the International Centre for Geoinformation Science and Earth Observation (ITC). A major challenge of producing such a comprehensive guide is making sure that the information being fed into it is compatible and complementary – a task which has been successfully accomplished by ECA. As well as the main guide, SDI-related outputs include a CD-ROM and a website which will provide valuable information to African policy makers.

As a follow-up to the Geneva phase of the WSIS and in preparation for the Tunis phase of the Summit, the secretariat organized a meeting of the WSIS Bureau in Addis Ababa in February 2004 to discuss the structure and mechanisms for the second phase of WSIS. The meeting also addressed other issues including the Digital Solidarity Fund established at the Geneva Summit, as well as capacity-building for internet governance. Other meetings organized by the secretariat included two workshops held in Addis Ababa in February 2004. The first

workshop reviewed achievements under the first phase of the SCAN-ICT project, a multi-donor project aimed at building capacity for gathering information and data in support of the growing investment in the ICT sector in Africa. The second workshop reviewed progress in the formulation and implementation of national information and communications infrastructure (NICI) plans and strategies based on various country reports prepared for the workshop.

During the period under review, the ECA library intensified efforts to deliver on its mandate of providing library and technical information services to the secretariat and member States of the Commission through the acquisition, processing and dissemination of relevant print and electronic information resources. To this end, it participated in several UN system-wide initiatives in the area of library and information services as part of the Secretary General's reform programme to modernize and strengthen the UN library system. The library also produced and distributed several socio-economic information services, including *Africa Index*, *ECA-in-Print*, *New Acquisitions*, *Index to African Official Publications* and *Journal Contents*, for use by staff and member States. The ECA library also expanded and intensified efforts to disseminate print and electronic resources in 2003. ECA worked closely with UNDP in the formulation of NICI policies and plans for Cameroon, Malawi, Mozambique, Rwanda and Swaziland. Collaboration was also strengthened with other UN agencies within the context of the activities of the African Stakeholders Network (ASN) of the UN ICT Task Force which ECA coordinates.

ECA co-organized with the World Intellectual Property Organization (WIPO) a subregional workshop in Addis Ababa in November 2003. The workshop addressed several issues related to strategies for the acquisition, effective management and dissemination of intellectual property information.

5. Promoting the advancement of women

Promoting the advancement of women in Africa continued to be a major priority of ECA's work programme during the period under review. ECA conceives and perceives its role in this area as threefold: as an advocate, promoting the mainstreaming of gender issues into development activities of member States; as a catalyst, monitoring and reporting on progress in the implementation of globally and regionally agreed plans and strategies for the advancement of women; and as a facilitator, assisting member States to implement policy measures and actions for the advancement of women.

During the period under review, much effort continued to be devoted to the development of appropriate tools and instruments for measuring progress in attaining the priorities identified in the critical areas of concern of the Platforms for Action. In 2003, the secretariat developed an Africa-specific Guidebook on mainstreaming gender into national planning instruments, including national accounts and national budgetary instruments. The Guidebook contains a set of 5 key and associated methodologies and tools which serve as an easy reference guide for mainstreaming gender perspective into national planning instruments. The Guidebook provides guidelines in such areas as the collection of gender-disaggregated data through time-use studies; monetary valuation of household production (HP) and construction of satellite accounts of household production; policy options and advocacy on household production; analytical tools for integrating HP into national budgets; and evaluation of impacts of policies on poverty reduction and welfare. The Guide book was submitted to an Ad Hoc Expert Group Meeting in December

2003 for review. The Guidebook will play a significant role in informing decision makers about the importance of women's contribution to national product and enhance their capacity for mainstreaming this contribution into national budgetary processes.

The development of the African Gender and Development Index (AGDI) which was launched in 2002, moved into an expanded second phase with trials of the index in 8 countries: Benin, Burkina Faso, Cameroon, Ethiopia, Ghana, South Africa, Tanzania and Uganda. The first phase of the project in 2002 covered 13 countries. The methodology for developing the index is participatory, involving a wide range of key stakeholders at the national, subregional and regional levels. The year 2003 also saw the completion of the process of compiling country gender profiles for all 53 African countries based on the following six indicators: women in decision-making processes, educational enrolments ratios at first, second and the third level, health and HIV/AIDS, women's access to credit, women's participation in the labour market and the human rights of women and girls.

Within the context of its role in monitoring and reporting on progress in the implementation of the regional and global platforms on the advancement of women, the secretariat finalized a programme for the Africa Decade Review of the implementation of the Dakar (1994) and Beijing (1995) Platforms for Action. The programme was reviewed and endorsed by the Bureau of the Committee on Women and Development in September 2003.

ECA also continued its work in support of the economic empowerment of women through the establishment and support of subregional Enterprise Development Facilities (EDFs). May 2003 saw the launch of the EDF for the East Africa subregion, based in Kampala, Uganda. The main objective of these facilities is to increase women's access to business information and enhance their business and entrepreneurial skills through the provision of appropriate and relevant training modules and programmes. The facilities will also help in promoting networking and linkages among women entrepreneurs and service providers, thus promoting African women businesses globally.

During 2003, the secretariat also organized sensitization and familiarization workshops on monitoring and evaluation of the progress made in the implementation of the Dakar and Beijing Platforms for Action in 21 member States; and provided assistance to the Secretariats of ECOWAS and SADC in the development of their respective gender policy frameworks.

6. Promoting trade and regional integration

The period under review was marked by strengthening of regional integration process through the activities of the Trade and Regional Integration Division (TRID). The Division continued its work as a catalyst for promoting effective integration and participation of African countries in the global economy and strengthening the regional integration process in Africa, focusing mainly on policy issues, infrastructure development and related services in the transport and communications sector.

The activities undertaken towards realizing the above objective can be grouped into three broad areas, namely trade promotion and multilateral trade negotiations; facilitating and enhancing the process of regional economic integration; and transportation infrastructure development. The efforts under each of the three areas were underpinned by enhanced support

to the regional economic communities (RECs) as the essential building blocks for the regional integration process in Africa.

During the period under review, the Division initiated or participated in various activities, including the preparation of analytical studies in support of promoting trade and multilateral trade negotiation. Among the major studies or reports undertaken is the preparation of the Economic Report, 2004, ECA's main flagship publication to be released in May 2004. The report, which is a collaborative effort of two Divisions (ESPD and TRID), is on the theme, *Unlocking Africa's trade potential in the global economy*. TRID was responsible for preparing 4 out of the 7 chapters of the report: Chapter: Overview; Chapter 3: Trade liberalization: A panacea or miracle; Chapter 5: Fiscal implications of trade liberalization; and Chapter 7: Trade facilitation to integrate Africa into the global economy.

The chapter on trade liberalization is inspired by concerns that despite undertaking a wide range of reforms and liberalization of their trade, African countries are yet to reap substantial benefits from international trade. The chapter also revisits the debate on trade, dealing with issues like the pace and scope of liberalization and the role of the state, and draws comparisons between Africa and East Asia. It notes, for example, that trade policies in Africa have been static and applied indiscriminately with little reference to overall national development strategies.

The chapter on trade facilitating covers an important issue currently being considered in multilateral trade negotiations. It outlines some of the major constraints impeding trade between African countries, and trade between Africa and the rest of the world. It addresses emerging issues such as the difficulties related to new security requirements for trade with the United States and the associated costs.

The chapter on the fiscal implications of trade liberalization addresses the impact of trade liberalization on government revenues, and measures that can be taken to minimize such impact. Concerns about the fiscal impact of trade liberalization is one reason why some member States are approaching trade liberalization with caution. The report provides the theoretical underpinnings and practical recommendations for member States on the policy measures required to enhance the continent's participation in, and benefits from international trade.

Another paper, on strategies and modalities for mainstreaming trade policies in national development strategies was prepared by the Division to inform the discussions at the thirty-seventh session of the Conference of Ministers in Kampala, Uganda which is on the theme, *Mainstreaming trade policies in national development strategies*. The paper argues that strengthening trade in national policies must not be seen as an end in itself, but within a broader context of improving productivity, creating employment, and facilitating structural change towards activities with a higher-value added. In an international context which has not been conducive to an expansion in the quantity and quality of African exports, Africa's trade policy needs to be infused with a "new realism", the paper notes. Above all, priority needs to be given to increasing the share of manufacturing in total exports.

The paper recommends that African countries urgently address the problem of the lack of a coherent and concerted industrial policy. At present, different Ministries have different responsibilities regarding the needs for producing an effective industrial policy. Coherent policies are required across Ministries, including trade, employment, education, agriculture,

transport, etc. Based on some of the findings of the Economic Report on Africa, 2004, the paper presents some suggestions as an initial step towards a more integrated policy designed to promote diversification and technological up-grading for enhancing Africa's competitiveness.

As the agenda of the multilateral trade negotiations has expanded in recent years, most African countries have found their capacities inadequate to deal with the complex issues that have emerged. At the request of member States, ECA undertook several initiatives and activities aimed at strengthening the capacities for effective participation in the new multilateral trade arrangements. For example, the ECA secretariat and the AU Commission, in collaboration with other organizations organized the second high-level brainstorming meeting of African trade negotiators in Grand Baie, Mauritius in June 2003 which informed the African common position for the Fifth WTO Ministerial held in Cancun in September 2003.

The secretariat, in collaboration with the AU Commission and the Government of Ghana also organized an experts group meeting in Accra, Ghana in November 2003 to undertake a comprehensive evaluation of the implications of the Cancun WTO meeting for African countries; assist countries of the region to develop and refine strategies for further negotiations; and identify immediate research needs of African countries in the context of these negotiations. Other trade-related activities undertaken by the secretariat during the period under review, include an experts group meeting on the impact of trade liberalization on the fiscal revenue base of African countries held in Addis Ababa in October 2003; a training workshop on agricultural subsidy for enhancing capacity in agricultural trade negotiations held in Tunis in April 2004; and a study on the impact of OECD agricultural policies on African economies.

Increased international trade is central to NEPAD's goal of mobilizing resources for poverty reduction and development. In support of this objective, considerable progress was made during the period under review towards the establishment of the Africa Trade Policy Centre (ATPC), an initiative supported by the Government of Canada and other partners. The main objective of ATPC is to strengthen Africa's trading capacity through research, training and other trade-related capacity-building activities focusing on such issues as accession to the WTO and negotiations on the trade protocol of the ACP/EU Agreement; promoting intra-African trade; mainstreaming trade into national development policies and programmes; assessing the revenue implications of trade liberalization; impact of OECD agricultural subsidies for Africa's growth; and support to the African WTO Geneva Group. The African Institute for Economic Development and Planning (IDEP), ECA's training arm based in Dakar, Senegal will deliver the training.

ECA's work of building sustainable trade capacity of African countries was further enhanced with the establishment of an Interregional Advisory Services Centre in Geneva in 2003 to provide on-demand technical assistance to the WTO Geneva African Group in their day-to-day work in the context of the negotiations within the WTO. The mandate for establishing the Geneva office came from the thirty-fifth session of the Conference of Ministers held in Johannesburg in October 2002, and is based on the need to assist African countries meet the challenges presented by the new global multilateral trading framework.

Credible analysis and assessments of progress in regional integration is essential for strategic policy-making in this area. The wide range of analytical studies and assessments being produced by ECA in this important area are progressively filling this need. *The Assessment of*

Regional Integration in Africa (ARIA) report series was initiated over three years ago to fill an apparent void in the lack of credible statistical data on the status of regional integration in Africa. The main aim of ARIA is to support policy-making and priority-setting through integrated and comprehensive assessments of the status of regional integration in Africa, assessing trends, and analyzing the content and impact of policies, plans and interventions. In addition to institutional aspects, the assessment will cover integration performance in major sectors such as trade, money and finance, infrastructure, natural resources, industry, commodity production, agriculture and human resources development, labour mobility and other emerging issues. Work on ARIA 1 has been completed and the report will be released in July 2004 at the time of the AU Summit of Heads of State and Government. Considerable progress has also been made in the preparation of the ARIA 2 whose focus will be on the challenges of rationalizing the integration process.

The third session of the Committee on Regional Cooperation and Integration was held in October 2003. The meeting brought together representatives of member States, the African Union, RECs, ADB, EU, AERC, the World Bank and various African and international organizations dealing with air transport issues to consider matters pertaining to ECA's activities in support of the economic integration process in Africa. In this regard, the Committee reviewed three reports prepared by the secretariat concerning the status of regional integration in Africa, the implementation of the Yamoussoukro Decision on air transport and the challenges and prospects of air transport liberalization in Africa in accordance. The meeting also provided an opportunity for the Committee to be briefed by the regional economic communities (RECs) and other organizations on new developments taking place within their respective communities. The secretariat also organized an experts group meeting on the feasibility of a continent-wide approach to financing regional integration in Africa in the context of the AU. The meeting, held in Addis Ababa in April 2004 examined various options and adopted recommendations on self-financing mechanisms for funding the regional integration process in Africa.

A major objective of ECA's work in the area of transport infrastructure development is to help establish an efficient, integrated and affordable transport and communications system as a basis for the physical integration of Africa and to facilitate national and international traffic. In this context, a study was prepared by the secretariat on multi-modal transport development in Africa, addressing such issues as e-commerce, human resources development, as well as incoterm and transport of dangerous goods which was reviewed by an ad hoc experts group meeting held in Addis Ababa in October 2003.

In the air transport subsector, the secretariat continued to provide support to member States and their intergovernmental bodies in the implementation of the Yamoussoukro Decision on air transport liberalization, particularly in strengthening their capacities in implementing the Decision and incorporating it into national policies.

Several capacity-building activities were also undertaken in support of the member States and their intergovernmental organizations in other key areas of integration. These include the launch of a project on Economic Partnership Agreements (EPAs) aimed at building capacity of African countries and RECs for effective participation in the ACP-EU negotiations; and trade policy courses and workshops aimed at enhancing capacities for formulating coherent trade policies. The secretariat is also presently providing technical assistance to the Government of the Sudan to facilitate its accession to the WTO. Other capacity-building activities undertaken include assistance to the Southern Africa Transport and Communications Commission (SATCC)

and the Government of Mozambique in the design of a model structure for setting up a national Road Safety Council; and organizing a forum on transport infrastructure and regional integration for the Central Africa subregion in Yaounde, Cameroon in December 2004, in collaboration with the subregional office for Central Africa. ECA has also played an important role, in collaboration with other organizations in the elaboration of the NEPAD short-term action plan on infrastructure development.

7. Supporting subregional activities for development

There are five ECA subregional offices (SROs) located in Southern Africa (SRO-SA), Eastern Africa (SRO-EA), Central Africa (SRO-CA), West Africa (SRO-WA) and North Africa (SRO-NA). The SROs provide a vital link between the work of the Commission, the Regional Economic Communities (RECs) and the member States. During the period under review, the SROs continued to promote policy dialogue and support development initiatives through collaborative arrangements either directly with the member States, or through the RECs, as well as other intergovernmental bodies. In addition to policy dialogue, the SROs undertook a range of other activities including providing technical assistance and promoting regional integration initiatives among the constituencies they serve.

The main tools used to accomplish the policy dialogue included the sharing of information with national experts through expert group meetings, production of advocacy papers and reports, attendance of various meetings and workshops organized by the RECs and providing advisory services. In addition, the SROs participated in a number of tasks and sectoral experts group meetings at Headquarters. This was part of organizational efforts towards creating a contiguous team between the subregional offices and Headquarters.

Across the board, the SROs organized ad hoc experts group meetings to review the activities of post Beijing+10. Participants at the meetings ranged from representatives from sectoral ministries of member States, NGOs, RECs, international organizations, the AU, and in some cases, Ministers. The meetings discussed the achievements and challenges in promoting gender equality and women's empowerment in the respective subregions since the Dakar and Beijing Platforms were formulated. The meetings resulted in a number of recommendations to improve the mainstreaming of gender into national policies and programmes, improve coordination of gender programmes and strengthen national gender disaggregated datasets. The meetings also requested ECA to reinforce its technical and financial support to gender programmes. The outcomes of these workshops will be considered by the regional conference, which will be held at a later stage during 2004.

The SROs also teamed up to organize three governance workshops. The SRO-EA and SRO-SA had a joint workshop in Lusaka, the SRO-CA and SRO-WA had theirs in Accra, while the SRO-NA workshop was held in Cairo. The workshops were held in collaboration with the AU and ADB and reviewed and validated the country reports prepared for the *African Governance Report*. This is a ground-breaking study undertaken in 28 African countries to assess and monitor progress towards good governance in Africa based on 83 indicators. The workshops proposed a range of recommendations in several areas including liberal participation of all stakeholders in governance issues, capacity-building and empowerment of stakeholders, separation of power and enabling the participation of women and youth in governance processes.

The recommendations from the three workshops will be considered by ADF IV, which will be held in October 2004.

The SROs also continued to collaborate with the UN system in their subregions through the United Nations Resident Coordinator System and the CCA/UNDAF. In this respect, particular attention was devoted to tracking the achievement of the MDGs at the country level.

In their work, the SROs focus on those activities which reflect the specific and unique interests of the subregions they serve. In this respect, the SROs undertook the activities, described below.

SRO-SA

The SRO – SA focused much of its policy attention on enhancing the capacity of member States and their intergovernmental organizations to formulate and harmonize macroeconomic and sectoral development policies in the following areas: land tenure systems and security of tenure; employment and labour markets, including the brain drain; growth strategies for poverty reduction; road safety development; and the challenge of reinvigorating private sector participation in development initiatives.

During the review period, the SRO-SA organized an ad hoc experts group meeting on Land Tenure Systems and Sustainable Development in Southern Africa. The meeting assessed the status of land tenure systems, including the land rights of women. The meeting recommended the need to strengthen the legal basis of land tenure by harmonizing statutory and customary laws, democratizing land administration and dispute resolution mechanisms, improving gender sensitivity and accommodating the impact of HIV/AIDS in land tenure systems.

The SRO-SA participated in a number of policy and work planning meetings organized by RECs, member States and other intergovernmental bodies. These included: the meetings of the governing organs of SEAMIC; the SADC Summit; the 13th Meeting of Trade and Customs Committee of COMESA; the NEPAD Chief Executives Meeting; the 16th Meeting of the Council of Ministers of COMESA; the COMESA works hop on the Establishment of the COMESA Common Investment Area; the Stakeholder Workshop on Formulating the Medium Term Investment Plan in Zambia's Agricultural Sector; and the Workshop on Migration and Development in the SADC Region organized by IOM.

With respect to technical cooperation, the Office provided assistance to several organizations including: COMESA in the finalization of the NEPAD Infrastructure Medium to Long-Term Plan; SADC and COMESA in the development of the Terms of Reference of the SSATP Inter-REC Task Force; the Zambian Ministry of Commerce, Industry and Trade on the development of a database and network; the Zambian government on strengthening its Gender National Machinery in project planning, monitoring and evaluation; and the finalization of the ADB/ECA study on Trans -African Highways.

Technical assistance was also extended to the meeting of the SSATP Interregional Coordination Task Force; the SADC capacity workshop on National Machineries for Gender Equality in SADC; the First SADC Mining Advisory Committee Meeting which reviewed the strategic thrust of the SADC Mining Programme of Action and made recommendations for its

improvement; and the Gender Ambassadors Training in gender and water resources management, which was organized by the Gender and Water Alliance.

The SRO-SA organized training and knowledge sharing workshops on *Growth Strategies for Poverty Reduction in Southern Africa* and Road Safety Development for the Beira Corridor held in Beira, Mozambique.

Other accomplishments by the SRO-SA were in the area of regional integration, particularly the preparations of infrastructure development plans within the framework of NEPAD, and working with SADC to redefine the strategic orientation of the minerals sector in the light of the SADC Regional Indicative Strategic Development Plan (RISDP), which was operationalized during the reporting period.

SRO-WA

The West African Subregional Office (SRO – WA), focused much of its policy attention on enhancing the capacity of member States and their intergovernmental organizations to harmonize macroeconomic and sectoral development policies in the following areas: speeding up the formation of the ECOWAS Customs Union and monetary integration; trade liberalization and facilitation; integrated water resources management; and information and communications infrastructure development. The main strategy focused on advocacy for peace building and strengthening capacities of civil society to participate in policy processes, strengthening the operational capacity of the ECOWAS Secretariat and advocating for a common external tariff.

During the review period, the SRO-WA organized, as well as participated in, a number of policy dialogue meetings. The SRO-WA organized a seminar on NEPAD, with the participation of the UN country team, to enhance awareness of the framework and its implications for national strategies and sectoral policies. To support the work of the High-Level Commission on HIV/AIDS and Governance in Africa, the office organized, an ad hoc experts group meeting on the economic and social implications of HIV/AIDS in West Africa.

The Office actively took part in a number of policy organs meetings organized by the RECs. These included: the regular session of the Council of Ministers and Summit of Heads of State and Government; the annual meetings of Governors of Central Banks, as well as the special sessions of the Council of Ministers and the Summit. The Office also took active part in the experts and ministerial meetings to prepare for the Paris Conference on the shared vision for the Niger River Basin, which the office also attended.

With respect to technical cooperation, the SRO-WA provided assistance to ECOWAS in several areas including: undertaking a study to identify the important factors affecting the establishment of a customs union, including the possible extension of the UEMOA common external tariff to the entire ECOWAS subregion; assessing progress on the monetary integration process in West Africa; strengthening statistical capabilities of the West African Monetary Institute (WAMI) with a view to monitoring macroeconomic policy convergence; and in the preparation of the ECOWAS medium-term strategic plan. The Office further completed the first phase of the Development for Peace Programme and prepared a proposal for a second phase. Under the same cluster of activities and in collaboration with the ECOWAS Secretariat, the Office commissioned a study on the economic implications of the conflict in Cote d'Ivoire.

Other notable technical assistance programmes were the review of the feasibility study for a livestock development programme in the Liptako-Gourma region, which attracted funding from the Islamic Development Bank and the African Development Bank, and the preparation of a five-year action plan for the West Africa Health Organization (WAHO). The Office was also instrumental in building synergy on water resources management programmes in the subregion. This culminated in the signature of a memorandum of understanding between several national and subregional institutions.

SRO-EA

The SRO-EA focused much of its policy support to its member States and the RECs on promoting macroeconomic policy convergence in transport/transit arrangements, enhancing capacities for multilateral trade negotiations, harnessing information for development and promoting the mainstreaming of gender into national and subregional policies and programmes.

The SRO-EA held an experts group meeting on Trade Harmonization and Liberalization Schemes, which was attended by all the RECS in the subregion. A further experts group meeting was held on Decentralized Financial Systems in which experts from Burundi, DR Congo, Djibouti, Madagascar, Comoros and Rwanda participated and shared country experiences. Other knowledge sharing workshops were on Women and Land in eastern Africa, and Gender and Budgeting. The SRO-EA also participated in several policy organs and programming meetings organized by COMESA, IGAD and the EAC.

Several technical cooperation activities were undertaken to support the RECS and members States. Notably, these focused on trade liberalization schemes and addressing the challenges of a customs union in the COMESA region. In the area of transport and transit policies, technical assistance included a review of the Northern Corridor Transit Agreement, formulation of policies on cargo tracking systems, assistance in transit transport facilitation and the elaboration of a transport master plan for the eastern and southern African subregion. Assistance was also given in the formulation of gender policies and in mainstreaming gender into policies and programmes, such as in women and land issues in the subregion. Further assistance was extended to Rwanda to prepare and implement an ICT-led Medium-Term Plan, which attracted several potential donors and business people.

In preparation for the EPA negotiations between the European Union and the ACP countries, the SRO-EA visited the EU Headquarters in Brussels and the WTO to gather information to enable it assess the impact of EPAs on regional integration in East Africa. To this end, the SRO-EA participated in several meetings organized by COMESA to decide on common positions in respect of a range of issues, including market access and the Singapore Issues.

A significant activity of the SRO-EA was the support to the Great Lakes Initiative to rebuild a post conflict recovery programme in the subregion. This is a collaborative initiative with the World Bank, OECD, EU, UNDP and bilateral donors. The SRO-EA prepared comprehensive reports on infrastructural development, food security and human resources development.

SRO-CA

The SRO-CA focused its policy interventions in the areas of transport policy, gender mainstreaming, small and medium-scale enterprise development and strengthening regional integration among the RECs and member countries of the subregion.

The SRO-CA organized an ad hoc experts group meeting on the effects of globalization on small and medium-scale enterprises and agro-industries in Central Africa. The meeting offered an ideal opportunity for the SRO-CA to launch a new publication on *The effects of globalization on small and medium-scale enterprises and agro-industries in Central Africa*. The report reviewed the regulatory environment to promote SMEs/SMIs. The resulting recommendations require that governments improve the legislative framework to foster growth of the SMEs/SMIs.

The Office also organized a forum on Infrastructure: *Integrating Central Africa*. The forum gathered experts from the 11 countries of ECCAS, and was followed by a Ministerial Conference, which adopted a master plan on infrastructure development for Central Africa. The Ministers of Cameroon, DRC, Gabon, Congo, the SRO-CA, BDEAC, CEMAC and ECCAS were entrusted with the responsibility to follow-up the implementation of the plan.

With respect to technical assistance, the SRO-CA provided policy support to the governments of Mali in the area of transport; Republic of Congo in economic policy and mining; Cameroon in economic policy and strategy; South Africa on NEPAD issues; sub-Saharan Africa Transport Policy (SSATP) programme in fund raising and capacity-building for RECs; ECCAS and CEMAC in regional integration issues; and IGOs in the subregion through advisory missions.

Two significant subregional collaborative initiatives were launched. The first aims at improving the process of collecting data to support the preparation of the annual report on economic and social conditions. Traditionally, this has been done with the involvement of universities. The SRO-CA has now included the Economic Community for Central African States (ECCAS), the Development Bank for Central Africa (BDEAC) and the Yaounde-based ILO subregional office. The second initiative aims to strengthen partnerships with Regional Economic Communities (RECs) by establishing committees to follow-up on major initiatives in the subregion. The first committee was established in December 2003 and is responsible for the implementation of the subregional Transport Master Plan for Central Africa. The Committee, under the leadership of the President of the Development Bank of Central Africa, is the first of this type involving two RECs (CEMAC and ECCAS). The Committee represents a significant step in harmonizing sectoral programmes between the two RECs in Central Africa.

SRO-NA

The SRO-NA focused its policy activities and programme development on promoting reforms and strengthening competitiveness in the countries of the subregion. In this respect, part of its 2003 annual report on economic and social conditions in North Africa centred on structural reforms undertaken by member States and initiatives to enhance competitiveness. The Office

also worked on developing a common vision on the environment required to attract foreign direct investment (FDI) to the subregion.

The Office held an experts group meeting on strategies to boost foreign direct investment into the subregion. The meeting explored constraints posed by the slow structural reform process and the relatively small size of national markets. The meeting recommended that a strategy to create a conducive environment for FDI be developed at the subregional level. It further recommended that a study be prepared by the SRO-NA to explore the formation of a subregional stock market and to improve national statistics in the North African countries.

The Office hosted series of meetings with the aim of fostering trade in the member States. In this respect, a national and subregional seminars were held in Algeria and Morocco, respectively. The seminars analysed issues in trade and transport facilitation in the supply chain. The intention was to raise awareness about the benefits of electronic business, align customs procedures and practices, and train participants in the use of tools to simplify procedures. The meetings resulted in a set of recommendations which when implemented at the national level, will improve trade and transport procedures. The Office also participated in other meetings and seminars dealing with electronic commerce, multilateral trade, governance and transport issues in the subregion.

In the area of technical assistance, the SRO-NA collaborated closely with the Arab Maghreb Union (AMU) to put in place a database for their Secretariat. The Office further participated in the Round Table on modalities to implement in the context of NEPAD, the AMU programme on transport.

CHAPTER III

MEETINGS OF SUBSIDIARY BODIES, INCLUDING THE ICEs OF ECA'S OFFICES IN THE SUBREGIONS

This chapter contains the summary of discussions, resolutions, decisions and recommendations of the subsidiary organs which have held meetings since the last session of the Commission in June 2003.

The intergovernmental machinery of the Commission is currently composed of the following organs:

(a) Organs dealing with overall development issues:

- (i) The Conference of African Ministers of Finance, Planning and Economic Development. The Conference meets annually in accordance with the decision of its thirty-fourth session held in Algiers, Algeria, in May 2001. The Conference is preceded by an intergovernmental group of experts.
- (ii) Intergovernmental Committee of Experts (ICEs) of ECA's five offices in the subregions. Each ICE meets annually and reports to the Commission through the intergovernmental group of experts.

(b) Subsidiary/Sectoral bodies:

- (i) The Committee on Regional Cooperation and Integration (CRCI)
- (ii) The Committee on Women, Gender and Development (CWGD)
- (iii) The Committee on Development Information (CODI)
- (iv) The Committee on Human Development and Civil Society (CHDCS)
- (v) The Committee on Sustainable Development (CSD)
- (vi) The Committee on Industry and Private Sector (CIPS)

All the above sectoral bodies meet in ordinary session once every two years. The biennial meetings of the Committee on Regional Cooperation and Integration, and the new Committee on Sustainable Development were both held in October 2003 in Addis Ababa, with the exception of the Committee on Industry and Private Sector Committee, which has not met since 2001, the outcomes of the meetings of the remaining three sectoral bodies held during the period 2002-2003 were presented to the last session of the Commission in June 2003.

In addition to the meetings of the two subsidiary bodies, the following ICE meetings were held during the period under review:

- (i) Eight Meeting of the Intergovernmental Committee of Experts for Eastern Africa, Nairobi, Kenya, 21-24 January 2004
- (ii) The Nineteenth Meeting of the Intergovernmental Committee of Experts (ICEs) for North Africa, Tangier, Morocco, 19 – 21 April 2004

- (iii) The Seventh Meeting of the Intergovernmental Committee of Experts for West Africa, Abuja, Nigeria, 19 – 20 April 2004
- (iv) The Twentieth-Second Meeting of the Intergovernmental Committee of Experts for Central Africa, Brazzaville, Congo, 22 – 24 April 2004
- (v) The Tenth Meeting of the Intergovernmental Committee of Experts for Southern Africa, Lusaka, Zambia, 3 – 5 May 2004

The discussions, decisions, resolutions and major recommendations adopted at the meetings of the subsidiary organs that met since the last session of the Commission are summarized below.

1. The Committee on Regional Cooperation and Integration (CRCI)

The third session of the Committee on Regional Cooperation and Integration was held in October 2003. The meeting brought together representatives of member States, the African Union, RECs, ADB, EU, AERC, the World Bank and various African and international organizations dealing with air transport issues to consider matters pertaining to ECA's activities in support of the economic integration process in Africa.

The Committee reviewed three reports prepared by the secretariat on the status of regional integration in Africa, the implementation of the Yamoussoukro Decision on air transport and the challenges and prospects of air transport liberalization in Africa. The meeting also provided an opportunity for the Committee to be briefed by the regional economic communities (RECs) and other organizations on new developments taking place within their respective subregions.

On the status of regional integration in Africa, the Committee observed that progress has been uneven across subregions and sectors. It identified several obstacles to overcome in speeding up the integration process. In particular, it underscored the importance of infrastructure development and strong political will in fostering the regional integration process. The Committee also underscored the important role of the private sector in promoting regional integration.

On the critical issue of financing the integration process in Africa, the Committee reviewed several options including ODA, cross-border trade investments and public-private partnerships. It recommended that further studies be undertaken by ECA to identify the most viable and sustainable means for financing regional integration.

On the key issue of air transport liberalization in Africa, the Committee observed that progress in implementing the Yamoussoukro Decision has been slow. It also expressed regret at the decision by Mauritius to withdraw from the Decision. In this connection, it recommended the establishment of a central regional dispute settlement mechanism to arbitrate disputes between or among member States, rather than having each subregion establish its own mechanism. The Committee also recommended a study on the impact of liberalization in Europe and America and underscored the need to formulate an African policy for non-African countries.

2. The Committee on Sustainable Development (CSD)

The third meeting of the Committee on Sustainable Development (CSD-3) was held in Addis Ababa in October 2003 on the theme, *Making technology work for the poor*. The meeting was attended by representatives of 30 member States, several international and regional organizations including the African Union. The meeting considered and adopted recommendations on the following issues: Progress reports on ECA's work in the area of food security and sustainable development in the biennium 2002-2003, including follow-up to the implementation of the WSSD Plan of Implementation at the regional level; reports on selected themes in natural resources development in Africa including small-scale mining and renewable energy technologies; and the proposed programme of work for the biennium 2004-2005. Apart from considering work programme-related issues, the Committee also discussed policy measures for harnessing technologies to achieve food security and sustainable development, and the need to embark on Green Revolution in Africa. The discussions on these issues benefited from several papers presented by the ECA secretariat and other experts.

The Committee noted that new approaches are needed to shift the direction of scientific development from its current elitist and conservative emphasis to new initiatives that are inclusive and populist, and which would be of more direct benefit to the poor. The Committee identified several areas of policy focus in developing the scientific and technological capacities of the poor. These include basic scientific literacy (education for all, particularly women); popularization (activities to develop a scientific culture); science communication (extensive use of the media to reach ordinary people); extension (targeted, especially at poor farmers); and application of appropriate modern technology by the poor.

The Committee endorsed the secretariat's work programme for 2004-2005 with the following comments:

- The work of ECA's Committee on Sustainable Development should be streamlined with that of the global CSD;
- Better synchronization and coordination between the national focal points of global CSD and ECA should be promoted. In this regard, reports from the national focal points should be submitted to ECA before they are transmitted to UN Headquarters; and
- ECA's work programme should be indicative, with built-in flexibility in order to accommodate the needs of member States or other emerging issues.

3. The Eighth Meeting of the Intergovernmental Committee of Experts (ICEs) for East Africa

The eighth ICE meeting for eastern Africa was held in Nairobi, Kenya from 21-24 January 2004. Representatives of 10 member States and some 19 regional, subregional and international organizations, attended the meeting. The meeting was also attended by Zambia because of its involvement in the Great Lakes Initiatives.

The meeting reviewed progress made in the implementation of the EA-SRO programme of work and priorities. It also considered reports on the economic and social conditions in the

subregion; ways of accelerating poverty reduction and growth strategies with regard to the PRSPs; progress in regional integration; report on the European Union-ACP-WTO Agreements and their impact on the subregion; progress on national consultations on good governance as well as issues on gender and HIV/AIDS.

The meeting made the following observations and recommendations:

- (a) The Committee expressed concern with the slow pace of achieving the MDG objectives and recommended their revision as well as the speeding up of their implementation;
- (b) The Committee noted that most countries were implementing poverty reduction and growth strategies. It recommended that they should be supplemented by improvements in the macroeconomic framework to stimulate economic growth. In this respect, ECA was requested to assist in revising the PRSP strategies;
- (c) The Committee noted the increase in intraregional trade despite the numerous obstacles to regional integration. It recommended that dependency on donor funding be progressively reduced for regional integration to be sustainable;
- (d) The Committee noted the constraints of the subregion in negotiating with the EU on the Economic Partnership Agreements under the Cotonou Agreement. It urged COMESA and EAC to speed up the establishment of the Customs Union in order to be eligible. It also requested ECA's support to strengthen institutional capacities for the negotiations.

The Committee noted the progress the Office had made in the implementation of: NEPAD programmes, especially in infrastructural development; food security issues; post conflict reconstruction and follow-up to international conferences; gender issues and the Beijing + 10 mid-term review. It commended the SRO for the excellent work undertaken in these and other areas and urged the member States to fully support the office with adequate human and financial resources.

4. The Nineteenth Meeting of the Intergovernmental Committee of Experts (ICEs) for North Africa

The nineteenth ICE meeting for North Africa was held in Tangier, Morocco, from 19 to 21 April 2004. The meeting was attended by all seven member States of the SRO, a number of UN agencies, other international, subregional and national organizations, and representatives of the private sector.

The meeting took note of the activities undertaken by the Office, in collaboration with member States, subregional organizations and UN agencies, since the last session of the Committee. The meeting also considered the following documents: the 2003 Report on the economic and social conditions in North Africa; policy reforms and the competitiveness of the economies of the subregion; progress report on the implementation of the recommendations on the 1993 System of National Account (SNA93); and the outcome of the subregional meeting on the decade review of the implementation of the Beijing Platform.

The Committee recommended that the ECA Subregional Office should undertake the following activities:

- (a) Organize a thematic workshop, in consultation with member States, on the competitiveness of the economies of the subregion;
- (b) Conduct regular in-depth studies on the economic and social trends in North Africa;
- (c) Track the economic and social performance of the subregion on the basis of relevant indices included in the annual report on the economic and social conditions in North Africa; and
- (d) Provide advisory services to member States aimed at harmonizing their statistical data sets.

5. The Seventh Meeting of the Intergovernmental Committee of Experts for West Africa

The seventh ICE Meeting for West Africa was held in Abuja, Nigeria, from 19 to 20 April 2004. It was attended by 13 members of the 15 member States of the subregion; regional economic communities, the Commonwealth Secretariat, UN agencies, specialized technical institutions and representatives of the civil society.

The meeting considered the following reports: the 2003 report on the economic and social conditions in West Africa that included a macroeconomic outlook and a thematic part on the socio-economic implications of HIV/AIDS; the decade review of the implementation of the Beijing Platform for Action; the report on the status of information for development activities in West Africa; and the report on options for financing regional public goods in Africa. In addition, the meeting considered the report on the economic effects of conflict in Côte d'Ivoire on a number of countries of the subregion. Participants were also briefed on recent programme initiatives development of ECOWAS and progress in the implementation of the Mano River Union Peace Programme.

The Committee encouraged ECA and its West Africa Office to consolidate economic integration efforts, a process that they considered as key to the maintenance of peace and security in the subregion. The meeting, particularly, welcomed the move by ECOWAS, with the support of ECA, to elaborate a medium-term strategic plan that has a better focus on the ECOWAS development agenda. On organizational matters, the meeting was of the view that the secretariat should include a full paper discussing the theme of the ECA Conference of Ministers in the agenda of next ICE meetings rather than a briefing note.

The Committee made the following recommendations:

- (a) On economic development policy, the Committee emphasized the need to underpin the agricultural industry with better control of water supply particularly in the Sahelian zone;

- (b) On external trade, the Committee underscored the need for economic justice, more than foreign aid, through the dismantling of agricultural subsidies in developed nations in accordance with WTO rules;
- (c) The Committee stressed the need to provide social services as well as reinforce education programmes and employment initiatives;
- (d) Member States and intergovernmental organizations should intensify their efforts with regard to mainstreaming the critical areas of the Beijing Platform for Action and the millennium development goals in national development strategies in subregional integration policies and programmes.

Finally, the Committee commended ECA for taking the initiative to conduct a study on the effects of the conflict in Cote d'Ivoire on the economies of the subregion. However, participants expressed the view that this unfortunate development has far reaching implications beyond what was reported. More specifically, they recommended that further investigation be made on: the social effects of the crisis in the industrial sector of selected countries; the returnees in Senegal; the supply of petroleum products from Cote d'Ivoire to the Gambia and on the impact of the conflict on Liberia in general.

6. The Twenty-Second Meeting of the Intergovernmental Committee of Experts for Central Africa

The twenty-second ICE meeting for Central Africa was held in Brazzaville, Congo, from 22 to 24 April 2004. The meeting was attended by all seven member States of the ECA Subregional Office, as well as a number of UN agencies and international, subregional and national organizations, the civil society and the private sector.

The meeting considered the following reports: the 2003 report on the economic and social conditions in Central Africa; a progress report on ECA major initiatives and programme developments; the report on the decade review of the implementation of the Beijing Platform for Action; a progress report on regional integration in Central Africa; gender in the context of subregional and international trade; a progress report on the implementation of NEPAD in the subregion; a report on the establishment of a subregional database; and a progress report on the management system of a subregional African experts network. The ICE meeting also provided the opportunity for the Office to formally launch its 2004 flagship publication on the economies of the subregion.

The main observations and recommendations made by the Committee revolved essentially around the need for ECA to continue its efforts in the following areas:

- (a) Undertaking an in-depth analysis of the macroeconomic convergence mechanisms in the Economic Community of Central African States (ECCAS) to assist in creating a conducive environment for the synchronization of the ECCAS region with that of the Central African Economic and Monetary Community (CEMAC);
- (b) Including the financial and energy sectors in future progress reports on the status of regional integration in Central Africa;

- (c) Facilitating the free movement of goods and persons in the subregion;
- (d) Building on the advent of NEPAD in the subregion to introduce innovative partnerships that would finance key development sectors;
- (e) Assisting member States to establish, through UNDP country offices, a consultation mechanism amongst women at the national and subregional levels to mainstream gender trade policies and programmes of the subregion and in undertaking a study on the sectoral impact of trade liberalization on women;
- (f) Furthering ECA, national and regional institutions partnerships such as AFRISTAT in the setting up of a subregional economic database; and
- (g) Undertaking a study, in collaboration with the Central African States Development Bank (BDEAC) and the private sector, on the establishment of security funds for the subregion to promote the private sector, and in including this in the 2006 report on economic and social conditions in Central Africa.

7. The Tenth Meeting of the Intergovernmental Committee of Experts for Southern Africa

The tenth ICE meeting for southern Africa took place in Lusaka, Zambia, from 3 to 5 May 2004. The meeting was attended by seven of the 11 member States of the Subregional Office, the regional economic communities, UN agencies and a number of business organizations from the subregion.

The meeting considered the following documents on southern Africa: activities of the Office during the intervening period; the 2003 report on economic and social conditions; progress report on sustainable development; a review of the implementation of the 1993 System of National Accounts; the status of information for development activities; and the report of the review meeting on the decade on the implementation of the Beijing Platform for Action. The meeting also heard reports from ECA headquarters and Cooperating Partners and held a special session on private sector development in southern Africa.

The meeting commended the work of the ECA-SA office and noted the momentum gained in harmonizing development programmes between COMESA and SADC. It also noted the collaborative activities with UNDP and requested ECA to further strengthen its working relationship with UNDP, especially in analytical studies on HIPC and PRSPs.

The Committee made the following observations and recommendations:

- (a) It welcomed the improved economic performance of the subregion, buttressed by increased food production in some member States. This notwithstanding, the Committee expressed concern on the low volumes of subregional trade and the fact that the economic report had not addressed HIPC initiatives in the member States;

- (b) The Committee welcomed the recommendations on sustainable development, including the establishment of national coordination structures. It recommended a deeper analysis of the balance between the social and economic pillars of sustainable development and the need to institute effective partnerships between stakeholders;
- (c) The Committee noted the obstacles to implementing the 1993 System of National Accounts and recommended that actions on sensitization, human and institutional capacity-building be intensified, with the support of ECA, UNDP, SADC and COMESA);
- (d) The Committee applauded ECA's assistance in developing national ICT policies and strategies and underlined the importance of further collaboration with SADC, COMESA and other ICT partners;
- (e) The Committee took note of the outcome of the Beijing +10 review meeting, which was attended by some 150 participants and several SADC Gender Ministers.

The special session on private sector development in southern Africa considered themes on: FDI, innovation, and market access; private sector and regional integration; promoting small and medium enterprises (SMEs); best practices in Southern African countries; financial instruments; strategies for increasing access to financial services for the private sector; and policies and institutional mechanisms for promoting the private sector.

The main recommendations were that:

- (a) Governments need to create a conducive legal and regulatory framework that addresses the interests of both local and foreign investors. Strategies should also be developed at the subregional level to attract FDIs and promote innovation, while the legal frameworks should promote R&D activities;
- (b) Emphasis should be placed on developing higher value export goods while comparative advantages at the subregional level should be better exploited;
- (c) Governments should invest in infrastructure and services in a manner that leverages private sector contributions;
- (d) There is need to broaden the range of financial intermediaries and pursue strategies that will improve access to international capital, especially through improved international credit ratings;
- (e) SME specific support systems need to be developed at the policy, financial, capacity and market levels;
- (f) Peace, democracy and good governance were essential for private sector development and should be nurtured;
- (g) There is need to collect, store and disseminate a range of statistics that would support the growth of the private business sector.

CHAPTER IV

A. Implementation of Results-based Budgeting at ECA: Lessons Learned

Background

The introduction of results-based budgeting (RBB) in the United Nations in general and in the Economic Commission for Africa (ECA) in particular, was done progressively. Prior to 1974, budget sections had been defined in terms of major objects of expenditure. This use of “input-budgeting” was replaced with the introduction of programme budgeting in 1974, formulated within the framework of a medium-term plan. The United Nations budgetary process and practices have been the subject of review by intergovernmental bodies, experts, technical seminars, the Joint Inspection Unit and the Secretariat itself, with a view to ensuring transparency in the planning, programming, budgeting, monitoring and evaluation process.

In spite of these improvements made to the budget format, or in the budget methodology, the link between resources and results had remained weak, partly due to the emphases given to the use of resources at the input level. Member States have expressed their desire for greater transparency and efficiency in the use of resources. At the same time, the determination of whether or not results have been achieved must also be addressed. Results-based budgeting, therefore, was introduced for the first time at ECA during the biennium 2000-2001 to ensure that the Secretariat works towards achieving results and not only towards delivering outputs. Member States should be provided with information not only on outputs, but also on what those outputs are intended to accomplish.

Results-based budgeting, in the form developed by the Secretary-General for implementation at the United Nations, is a programme budget process in which: (a) programme formulation revolves around a set of predefined objectives and expected accomplishments; (b) resource requirements are derived from and linked to such expected accomplishments; and (c) actual performance in achieving results (on expected accomplishments) are measured by objective indicators of achievement.

With the focus shifting from input-budgeting to achieving results, implementation of results-based budgeting should, at the ECA level, improve strategic management, increase administrative and programme effectiveness and enhance accountability of programme managers. Results-based budgeting should, at the intergovernmental level, facilitate policy guidance by member States during the programme budgeting and implementation stages of the programme of work of the Commission, as well as decision-making, at the close of a biennium, on the effectiveness, relevance and continuing validity of outputs, subprogrammes and programmes on the basis of results achieved.

B. Implications of Results-based Budgeting

Results-based budgeting has required a change in the approach to the programme budgets as the intergovernmental bodies, UN oversight and departmental units must now focus on results rather than on inputs. In this regard, the ECA Conference of African Ministers of

Finance, Planning and Economic Development ought to have an enhanced oversight role, not only in its review of the results to be achieved at the time of consideration of the ECA's proposed programme budget, but also in its review of the programme performance report (PPR) after the close of the biennium to determine whether or not results have been achieved, on the basis of which the programme of work for the subsequent biennium would be considered and approved.

It should be noted at this point that results-based information generated as a part of the monitoring and evaluation processes has been handled by the UN Secretariat on the same basis as all monitoring and evaluation materials; i.e. PPR are produced by the Secretariat for member States which have continued to exercise the role of making value judgments and deciding what follow-up actions are appropriate as regards future programme design and implementation. As far as the Secretariat is concerned, programme managers are held fully accountable for achievement of results. ECA is currently exploring the possibility of linking programme performance to individual performance programme and line managers once sufficient confidence has been built up in the key indicators of achievement used for performance measurement.

Central to strengthening the shift to results orientation, the Office of Internal Oversight Services (OIOS) of the United Nations has led the development of a revised Programme Performance Report (PPR) to improve the ability of programme managers to communicate progress to member States. The PPR is a qualitative assessment prepared at the end of the biennial programme budget period, and is the main instrument by which member States can evaluate the assessment of the performance, efficiency and effectiveness of individual subprogrammes. Previous programme performance reports were essentially process-oriented documents, providing accounts of inputs and tallies of outputs; mostly based on quantitative analysis and little emphasis on a qualitative assessment. Therefore, while efficiency was implied, effectiveness was left unaddressed.

The new PPR has been used for the performance assessment of the biennium 2002-2003, as this biennium was effectively planned using the results-based approach. The new PPR format is narrative in form and features highlights of each programme's overall performance for the past biennium. The subprogrammes also have a section for narrative reports of the progress made towards achieving their objectives. Subprogrammes report on results achieved as measured by the indicators as well as on results not achieved. Furthermore, programme managers are encouraged to identify areas for improvements (learning by doing?).

In order to complete the information needed to draft these narrative reports, subprogrammes are required to submit *Accomplishment Accounts and Statements of Accomplishment/Results Achieved*. The accomplishment account is a 1-2 page summary of accomplishments using data collected at the expected accomplishment level, including statistical data and other relevant information, and is measured against the *Indicators of Achievement*. There is one such account per expected accomplishment. The statement of accomplishment/results achieved is a half-page summary of accomplishments achieved relative to the expected accomplishment. It captures the key facts reflecting subprogramme achievement during the past biennium 2002-2003. The statement of accomplishment/results achieved is based on and is distilled from the account of accomplishments.

In summary, the New Programme Performance Report includes:

- (i) *Highlight of Results* statement at the programme level. These would be used to give an overall, broad-stroke portrait of each programme's accomplishments during the reporting period; and
- (ii) A Succinct *Statement of Accomplishment/Results Achieved*, impacts and lessons learned at the subprogramme level. These would provide a snapshot of the work of each subprogramme during the reporting period, and are used as source material for the programme *Highlights of Results* statement. These statements aimed at highlighting progress towards objectives and expected accomplishments with reference to indicators of achievement.

C. Way Forward

The implementation of results-based budgeting during the past two years presented important challenges and helped identify a number of areas for improvement, which are crucial for the future work of the Organization in general and ECA in particular.

1. Programme Planning: Proposal for a Strategic Framework

From the experience gained over the past two years, programme managers are now requested to formulate a new programme plan that will provide the basis for member States to focus on policy issues and to take decisions on the future direction of the work of the Organization, including the expected accomplishments within a two-year period. Heads of Departments and their senior staff are encouraged to participate together in such an effort to ensure a collaborative and collective approach towards deciding on the expected accomplishments for each subprogramme.

As a result, the current four-year medium-term plan will be replaced by a two-year Strategic Framework. The General Assembly at its recent fifty-eighth regular session (resolution 58/269 on Strengthening of the United Nations System: An Agenda for further change) has requested the Secretary-General to prepare for submission to the General Assembly, at its fifty-ninth session through the Committee for Programme and Coordination (CPC), a "Strategic Framework" to replace the current medium-term plan, which would comprise in one document:

Part One: Plan outline, reflecting the longer-term objective of the Organization;
and

Part Two: Biennial Programme Plan to cover two years.

Part One will:

- (a) Highlight in a coordinated manner, the policy orientation of the United Nations;
- (b) Indicate overall objectives, including long-term objectives, and strategy of the Organization and the trends deduced from mandates that reflect priorities set by intergovernmental organs as well as future challenges; and

- (c) Contain the Secretary-General's proposals on priorities. The Plan Outline will be initiated centrally for the Secretariat as a whole.

Part Two: Biennial Programme Plan will comprise programmes and subprogrammes. The programmes of the Organization will continue to reflect congruence between the programmatic and organizational structures so as to enhance accountability and to foster the link between the plan and the programme budget. Heads of Department (including ECA) are responsible for the preparation of their respective biennial programme plans. Each programme plan will consist of: (a) a succinct narrative highlighting the overall orientation of the programme as a whole; and (b) subprogrammes. It is also a requirement that attention be given to integrating the gender perspective into the work of the Organization and its Departments/Offices.

When drafting the subprogrammes, Departments are requested to pay particular attention to paragraph 9 of General Assembly resolution 58/269 by which the General Assembly decided that the programme narratives of the programme budget fascicles will be identical to those in the Biennial Programme Plan. This requirement was the result of intense negotiations which led to the decision that the Committee for Programme and Coordination (CPC), as well as Regional Commissions will no longer undertake the usual review of the proposed programme budget. They would, however, henceforth review, during the budget year, the programmatic aspects of the new and/or revised mandates approved by the General Assembly subsequent to the adoption of the Biennial Programme Plan, as well as any differences that arise between the Biennial Programme Plan and the programmatic aspects of the proposed programme budget (para. 13 of resolution 58/269). Hence, CPC will review Biennial Programme Plans for the Period 2006-2007 in June 2004.

When drafting the subprogrammes narratives, particular attention is paid to persistent, as well as anticipated problems, and the challenges to be met. The narrative of each subprogramme comprises elements of the logical framework, namely:

- Objective (2006 onwards)
- Strategy (2006-2007)
- Expected accomplishments (2006-2007)
- Indicators of achievement (2006-2007)

Programme managers have been requested to ensure that there are clear and meaningful linkages between the above elements of the logical framework. In addition, it is important to note that considerable work on the development of indicators of achievement has been carried out in the Secretariat in the context of the preparation of the proposed programme budgets for 2002-2003 and 2004-2005. These indicators help generate more thoughtful, logically constructed subprogrammes. And because they serve as benchmarks against which to measure progress toward subprogramme objectives, they result in more meaningful programme monitoring and evaluation.

2. Enhancing Results-based Management at ECA

Results-based Management (RBM) is a management strategy aimed at achieving important changes in the way organizations operate, with improving performance in terms of

results as the central orientation. RBM provides the management framework and tools for strategic planning, performance monitoring and evaluation. Its primary purpose is to improve efficiency and effectiveness through organizational learning, and secondly to fulfill accountability obligations through performance reporting. Key to its success is the involvement of stakeholders throughout the management life cycle in defining expected accomplishments, monitoring progress, reporting on performance and integrating lessons learned into management decisions.

Central to ECA's increased focus on results is better anchoring of performance assessment in the broader context of member States' priorities and objectives. ECA is committed to providing greater clarity and transparency about its strategic objectives, specificity about the process for achieving the objectives, and effective monitoring and evaluation systems for tracking progress. This approach will be centred around five guiding principles:

- (a) At all phases - from strategic planning through implementation to completion and beyond - focus the dialogue on results for member States, partners and other stakeholders;
- (b) Consistently align actual programming, monitoring, and evaluation activities with the expected accomplishments;
- (c) Keep the results reporting system as simple, cost-effective, and user-friendly as possible;
- (d) Manage *for*, not *by*, results; and
- (e) Use results information for management learning and decision-making, as well as for reporting and accountability.

3. Strengthening the Evaluation Function

Building on the progress in programme monitoring already achieved, the evaluation function at ECA needs to be significantly strengthened. Since 1995, ECA has made major strides in improving programme monitoring. Notable achievements include: the adoption of Operational Guidelines for Programme Management in 1999; systematic preparation of biennium Programme Implementation Plans by Programme Divisions and SROs; institution of quarterly monitoring reviews of programme implementation by the Deputy Executive Secretary with programme managers and SROs; and comprehensive reporting to UN Headquarters on delivery of quantifiable outputs against plans for the biennium periods. Programme monitoring reviews have been useful in checking progress in delivery of outputs. However, they were mainly focused on the quantitative aspects of programme performance and placed insufficient emphasis on the qualitative aspects of performance and on resource constraints that affect programme completion.

Given the progress achieved in programme monitoring, it is an opportune time for ECA to start creating an effective framework for evaluation. The objective of the framework would be to define the parameters of output quality, set quality targets, ensure the availability of skills needed in ECA to perform effective evaluation (both self-evaluation by the Programme

Divisions and SROs, and independent evaluation by OPC), and establish and operate a process for regular management review and action on evaluation results.

The evaluation framework will first need to focus on the relevance of the “indicators of achievement” that are set out for each subprogramme in the biennial programme budget. Without a management focus on the indicators they are not likely to be regarded by the Programme Divisions and SROs as credible performance measures. In addition, the new results-based management framework will require ECA to develop relevant indicators of performance; and ensure that the baseline data for the indicators are meaningful, quantifiable and available.

There are two other dimensions of performance measurement and evaluation that are important for ECA. First, effective management of budgets requires that the quality, as well as the quantity of outputs, are taken into account in allocating resources. Otherwise, given the constraints on regular budget resources, ECA could run the risk that output quantity is achieved at the expense of output quality. Secondly, credible performance measurement and evaluation is imperative for reporting to stakeholders and partners on the overall effectiveness of ECA and of its use of funds including extra budgetary resources.

D. Strategy to sustain the momentum towards excellence: Institutional Strengthening Programme

The quest for excellence in programme implementation and delivery, calls for strengthening strategic planning and budgeting including the monitoring and evaluation functions; human resources management including enhancing staff skills through training; and strengthening knowledge management.

To consolidate the gains of the first round of reforms initiated in 1996 and complete the Commission’s transformation into a credible learning organization, a major Institutional Strengthening Programme (ISP) was launched in 2003. The main objective of the programme is to improve the capacity of ECA to be a responsive and client focused institution through continuous improvement of its business processes and service delivery standards. The idea is to gradually increase cost-effectiveness and help develop a culture of change that fully meets the expectations of its stakeholders and contributes to progress by Africa towards meeting the MDGs.

The ISP is a culmination of the “Open Space” meetings involving over 600 ECA staff held at the end of 2002, which resulted in detailed recommendations that were put together with expert studies and the advice of some institutional partners. These recommendations have in turn resulted in 36 priority projects, each of which has an ECA project leader and a time-frame for delivery. In addition, a special team has been appointed to oversee the implementation of the programme - a process expected to last until December 2005. The programme will be delivered through projects in three broad areas as follows:

- **Enhancing strategic and operational planning and budgeting:** The core of these reforms is to build a budgeting system known as “UN-Plus” that is based on existing UN processes but adds features to minimize disruptions in donor support and addresses the predictability and flexibility issues implied in use of extra-budgetary funds. UN-Plus also features a coherent reporting system that will strengthen donor confidence and

improve accountability to stakeholders. Since the rigidity of budgeting and planning can also interfere with sound strategic planning and coherent monitoring and evaluation, a number of activities are being implemented under this project to improve strategic and operational planning, as well as the quality, timeliness and relevance of ECA's work.

The business process reviews that are being developed as part of this project should enable the organization to move towards a strategically managed institution in which its managers are responsible for the results of the units they head through a performance compact-type of arrangement. This is consistent with the broad thrust of the Secretary-General's reform, which seeks to devolve as much responsibility and accountability to operational levels as possible.

- **Strengthening knowledge management:** The goal is to build ECA into a more effective knowledge-sharing and learning organization. This will involve greater collaboration between units concerned with publishing, archiving and accessing ECA-generated knowledge. Information management and dissemination will be improved, as will publications system and satellite infrastructure, and seminars to strengthen capacity for e-learning and computer-based teaching will be offered.
- **Improving human resource management and development:** The introduction of "flatter" structures and a team-based approach is intended. Annual performance compacts with senior top managers in which targets set are being introduced. A comprehensive training strategy will be put in place to develop in-house capacities, enhance staff skills and improve career development. Project management, monitoring and evaluation capabilities will be strengthened. Further, ECA is committed to moving away from the storage and banking of knowledge solely to the sharing of information widely through networks nationally, inter-regionally and worldwide.

Considerable progress has been made in the implementation of the programme. Some projects have been launched, while others are nearing completion. The outcomes of these projects will be gradually mainstreamed into the Commission's business processes and the way it shares knowledge and manages resources. Many of the ISP recommendations, when complete, are expected to be implemented by OPC.