

Fourth Ordinary Session of the Executive Council of the African Union

Address

**By K.Y. Amoako,
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Mr. Chairman,
His Excellency, Alpha Oumar Konare, Chairperson of the African Union Commission,
Honourable Ministers,
Distinguished Commissioners of the African Union,
Ladies and Gentlemen

Let me first say how pleased I am to have once again been given the honour of addressing you the Foreign Ministers of Africa. Today, however, is special since it is my first address to you in your capacity as the Executive Council of the African Union.

My colleagues and I at the Economic Commission for Africa, ECA, greatly cherish our increasingly close links with the African Union and our member States.

And you, Excellencies, are crucial actors in that relationship.

Therefore, any opportunity to exchange views with you on the critical nexus between Africa's development agenda, international economic policy and diplomacy is greatly valued.

I would be remiss if I also did not say how much we, at ECA, are delighted with the establishment of the new AU Commission under the admirable and dynamic leadership of Chairperson Konare.

Mr. President, rest assured, ECA is with you and your fellow commissioners every step of the way in this mighty project

Mr. Chairman, Excellencies, Ladies and Gentlemen,

In its brief life, the AU has started to make a real contribution to meeting our many development challenges.

Above all, through its focus on ensuring peace and security, it is laying the essential foundation stone for development.

In Africa, more so than many other regions, peace and security is truly a collective responsibility.

Fortunately, through your dedication and that of our leaders, we have seen the principle to uphold peace and security actively promoted by the AU.

As a result, the fire of war has been put out, or is simmering down, in Burundi, Democratic Republic of Congo, Liberia, Sierra Leone, and Sudan.

The vocal condemnation and rejection of coup d' etats and unconstitutional seizure of power is now

also the norm.

And the AU is working hard to find a peaceful solution to internal and international crises.

Looking to the future, the new Peace and Security Council presents an important mechanism through which the AU can effectively uphold its principles in this critical area.

These actions do not only manifest a promise fulfilled to Africa's peoples that the AU would work to end the conflicts that have so often wrecked their lives.

They also form a major contribution to Africa's pledge to the international community to create the conditions for safe investment and for the maximized effectiveness of donor assistance.

Certainly on this front, we in Africa are doing our part.

A second key contribution to our development goals is the AU's focus on the acceleration of the regional integration agenda and the pan African political commitment to policies, which can promote more intra-African trade and faster growth.

As we all know, the benefits of integration are numerous: - sustainability, increased investment, the consolidation of economic and political reforms, increased global competitiveness, the promotion of regional public goods, and the prevention of conflict.

We all agree that we cannot allow them to elude us any longer. The AU's work on this front is proof of our commitment.

However, for the African Union to succeed, some lingering institutional issues need to be decisively addressed in the immediate and medium term.

As ECA's in-depth assessment of regional integration in Africa, which is to be published in July this year, stresses, clear guidelines, benchmarks, and timelines for progress on the integration agenda must be established and adhered to.

The African Union Commission and the secretariats of the regional economic communities also require significant financial and human resources to equip them to function as the centers of excellence they must be.

With an effective and efficient implementation of the building blocks of integration under the overall umbrella of an energized AU, I am certain we will be in a position to fully reap the benefits.

The AU's third major contribution is its adoption of the New Partnership for Africa's Development (NEPAD) as a comprehensive framework for the economic development of the continent. Over the past two years, within the context of NEPAD, African leaders have promised to implement sound economic policies, tackle corruption, and put in place measures for good governance and ensuring accountability.

The African Peer Review Mechanism (APRM) is an essential tool for tracking the fulfillment of these promises.

I am pleased that the APRM process is now beginning, as the mechanism can possibly offer many opportunities for peer learning and exchange of best practice.

This aspect of the AU's work represents one of the most critical contributions we can make to our own progress.

The accountability and transparency that the APRM delivers have been too often absent in our dealings with our people, with each other and with the outside world.

But with peer review, and the implementation of the other NEPAD priority initiatives, our countries will be enabled to build on the foundation of economic policy reforms that have led to positive economic growth across the region over the past decade.

Mr. Chairman, Excellencies, Ladies and Gentlemen,

It is an unfortunate fact, however, that our own efforts, no matter how vigorously undertaken, can only take us so far along the road towards achieving the Millennium Development Goals.

As I mentioned to you at the Durban Summit in 2002, only a small number of our countries are making progress towards meeting the poverty reduction and other Millennium Development Goals (MDGs).

This is despite the fact that most countries have continued to make advances in implementing correct policies to promote economic growth over the past decade.

The reason for this is simple. Although, we are now moving forward, our pace is still not quick enough to make a dent in the region's high levels of poverty.

To make a significant impact on poverty, we need to deepen our policies, strengthen our institutions and mobilize more financial resources.

On the question of resources, given our low levels of income and savings, for the foreseeable future, a significant proportion of these additional required resources will have to come from our partners in the international community.

In that context, I want to spend the rest of my time this morning considering a number of factors related to meeting the challenge of financing Africa's development. Mr. Chairman,

There have been many major international events over the past three years. From the World Trade Talks in Doha, to the UN Financing for Development Conference in Monterrey, the G8 Summits in Canada and France, and the World Summit on Sustainable Development in Johannesburg.

At all of them many promises have been made: both by us here in Africa, and by our international partners, all with the aim of ensuring that Africa makes progress towards the 2015 Millennium Development Goals.

However, at the same time we have seen the collapse of the trade talks in Cancun, the unceasingly heavy debt burden endured by most African countries as well as the continued inadequate financing of our needs to meet the MDGs.

This shows that much still needs to be done, in the global arena to provide Africa with a viable environment in which to tackle the challenge of reducing poverty and creating economic growth, jobs and wealth.

For our partners, the key commitment is to ensure that all policies affecting African development prospects including that of ODA, market access, and debt relief-are consistent with the goal of

meeting the MDGs.

These issues have all featured prominently in ECA's policy positions taken in our analytic work and in our advocacy on behalf of Africa over the past few years.

Indeed, they have been the focus of all four annual "Big Table" informal consultations between African Finance Ministers and OECD Development Cooperation Ministers that ECA has convened so far.

It is fair to say that the Big Table initiative has played a major role in advancing the development agenda in Africa since it was set up.

Last year's discussions focused on approaches to monitoring the performance of Africa and its partners towards meeting shared goals in the context of mutual accountability, a linchpin of the new "compact" between Africa and its external partners.

In this context we have been examining the adequacy and quality of aid, the burden of Africa's external debt, as well as the coherence of trade and other partner policies related to Africa's development.

Let me illustrate with a few examples.

Although many partners have pledged 0.7% of their GNP to ODA, only a few have reached this level of contribution. Aid to Africa remains low and volatile.

Aid quality is also still low. The unpredictability of aid is widespread in Africa as donors too frequently make unilateral changes in aid agreements without consulting the recipient countries.

Unpredictability results in serious disruptions of important national programmes and creates uncertainty about how to plan for the future.

Many African countries receive assistance to the same sector from several partners, with each partner imposing their own conditionality and insisting on extensive reporting requirements.

The already limited public-service resources are overstretched in fulfilling these donor requirements. This results in high transaction costs for recipient countries.

On debt, while the HIPC initiative is providing significant debt relief to a number of African countries, it is now recognized, that by itself, it is inadequate to overcome Africa's debt problem.

Meanwhile, declining prices of commodities are wrecking havoc to government revenues and throwing poor African farmers into deeper economic distress.

Similar problems exist in the multilateral trade forum. After fifty years of progress, the future of the multilateral system of trade negotiations is surrounded by great uncertainty.

The failure of the Cancun Talks was a missed opportunity for Africa and a major setback for fulfilling the objective of the promised "Development Round".

It was also another sign of incoherence in policy towards Africa and the rest of developing world.

The coherence of development policies has to do with ensuring that all policies affecting African

development prospects are synergistic-and do not conflict or nullify each other.

For example, to improve food security in West Africa, one of our European development partners has actively promoted beef production in that region; yet the success of this project has been threatened by subsidized EU beef exports to the same countries.

An open trade policy and dismantling of the Common Agricultural Policy would complement EU development efforts rather than frustrate them.

The 2002 U.S. Farm Bill, which increased subsidies, is another example of a policy that conflicts with that government's pledge to reduce poverty in Africa.

Developed country trade policy in the cotton sector is a particular cause of concern.

Between 1999 and 2001, African cotton exporters lost approximately \$300 million in export revenue because of the decline in world cotton prices arising from OECD countries' export subsidies on cotton.

A major outcome of ECA's discussions on mutual accountability with our partners, which I mentioned earlier, is the agreement that we need to periodically take stock of where we are regarding the implementation of our mutual commitments.

In that context, ECA in collaboration with the OECD is working on a Mutual Review of Development Effectiveness. The Report will be substantive, concise, and based on empirical information.

All the outstanding issues outlined above will be tackled in this exercise. On the African side, it will therefore track key trends in political and economic governance in the context of NEPAD.

On the side of our development assistance partners, the review will assess trends in aid flows, aid quality, debt forgiveness and policy coherence.

By agreeing to this process, both sides are committed to an honest stocktaking of what has been done and to joint agreement on what needs to be done to strengthen the partnership compact with Africa.

The first Mutual Review Report will be completed in June 2005.

Mr. Chairman, Excellencies, Ladies and Gentlemen,

Indeed, 2005 will present Africa with a number of opportunities to make its case and further galvanize international support for the continent's development.

Let me illustrate with a few examples.

In 2005, there is a major review of the Monterrey Consensus. We need to be there to tell our story and give our own evaluation of the progress made so far with the Consensus.

In 2005, there is also a review by the UN on progress towards the Millennium Development Goals.

The voice of Africa should be united and clear on what we have achieved so far and what more needs to be done to fulfill these goals.

2005 is also the year when the UK chairs the G-8 Summit. Prime Minister Blair has committed to make Africa the top agenda item of the G-8 forum. He has established a Commission on Africa on which I am honored to serve.

We need to be prepared to bring our concerns to the table.

We cannot miss the opportunities ahead. NEPAD has clearly outlined Africa's priorities and a revitalized African Union is providing concrete leadership.

Starting today, we need to rededicate ourselves to pushing the African agenda in the global arena in 2005, with coherence, consistency and commitment.

Finally, 2005, which marks ten years since the adoption of the Beijing Platform for Action, also provides an opportunity for us to make a candid assessment of where we are regarding the promotion of gender equality in Africa.

Promoting gender balance in all fields and expanding the role of women in decision-making is not merely a moral imperative. It is also a pre-requisite for effective poverty reduction and sustainable economic growth.

Indeed, as has often been said, "Paradise is open at the command of mothers"

I am most delighted that the AU Commission is really showing the way forward at the highest levels!

Thank you.
