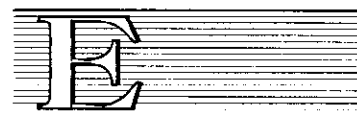




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Conference of African Ministers of Finance

Algiers, Algeria
8-10 May 2001

**REPORT OF THE TWENTIETH MEETING OF THE TECHNICAL PREPARATORY
COMMITTEE OF THE WHOLE/NINTH MEETING OF THE INTERGOVERNMENTAL
COMMITTEE OF EXPERTS**

Algiers, Algeria
2-7 May 2001

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A. Attendance

1. The twentieth meeting of the Technical Preparatory Committee of the Whole (TEPCOW)/Ninth meeting of the Intergovernmental Group of Experts was held in Algiers, Algeria, from 2 to 7 May 2001. The meeting was formally opened by Mr. Abdelkrim Lakehal, Permanent Secretary of the Ministry of Finance of the Peoples Democratic Republic of Algeria. Mr. K.Y. Amoako, Executive Secretary of the Economic Commission for Africa (ECA), delivered a statement at the opening ceremony of the meeting. The representative of Morocco, outgoing first Vice-Chair of the Committee presided over the opening ceremony.
2. The meeting was attended by representatives of the following member States of the Commission: Algeria, Angola, Benin, Botswana, Burundi, Cameroon, Central African Republic, Côte d'Ivoire, Egypt, Ethiopia, Gabon, Ghana, Guinea, Kenya, Libyan Arab Jamahiriya, Mali, Morocco, Namibia, the Niger, Nigeria, Senegal, South Africa, Swaziland, Togo, Tunisia, Uganda and Zambia.
3. Observers from the following Member States of the United Nations were present: Japan, Sweden and United Kingdom.
4. The following United Nations bodies and specialized agencies were represented: Food and Agriculture Organization of the United Nations (FAO), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), World Health Organization (WHO), World Intellectual Property Organization (WIPO), World Meteorological Organization (WMO) and Universal Postal Union (UPU).
5. The Organization of African Unity (OAU) was represented.
6. Observers were present from the following intergovernmental organizations: Arab Maghreb Union (AMU), African Centre for Applied Research and Training in Social Development (ACARTSOD), Common Fund for Commodities (CFC), Community of Sahel-Saharan States (CEN-SAD), Council for the Development of Economic and Social Research in Africa (CODESRIA), Centre for Management and Technical Training (CMTT/Harvard), Economic Community of Central African States (ECCAS), African Institute for Economic Development and Planning (IDEP) and Organisation Internationale de la Francophonie (OIF).

B. Agenda and organization of work

**Conference Theme: Implementing the Millennium Partnership for the African Recovery
Programme: Compact for African Recovery**

7. . On 2 May 2001, the Committee adopted the following agenda:
 1. Opening of the meeting.

- Opening addresses.
 - Overview of the Millennium Partnership for the African Recovery Programme (MAP) and the Compact.
2. Election of the bureau.
3. Adoption of the agenda and organization of work.
4. Discussions on the Conference Theme: Implementing the Millennium Partnership for the African Recovery Programme (MAP): Compact for Africa's Recovery:
 - Promoting the value of good governance, peace and security.
 - Tackling Diseases that Deepen Poverty: Fighting HIV/AIDS, Malaria and Tuberculosis.
 - Issues relating to Financing for Development.
 - Bridging the Digital Divide.
 - Accelerating Regional Integration for Infrastructure Development.
 - External Debt Issues for Highly Indebted Middle Income and Poor Countries.
 - Transforming Partnerships with Africa.
 - Wrap-up.
5. Statutory Issues:
 - Reports from the Intergovernmental Committees of Experts of the Subregional Development Centres (SRDCs).
 - Reports from other subsidiary organs of the Commission.
 - Other statutory issues.
6. Proposed Programme of Work and Priority for the Biennium 2002-2003.
7. Presentation of UNDP's second Regional Cooperation Framework for Africa (RCF.II).
8. Any other business.
9. Adoption of the Report and Closure of the Meeting.

Election of the bureau

8. The Committee elected the following officers:

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|-----------------------|-----------------------------|
| Chairman: | Algeria |
| First Vice-Chairman: | United Republic of Tanzania |
| Second Vice-Chairman: | Gabon |
| Third Vice-Chairman: | Mali |
| Rapporteur: | South Africa |

C. Account of Proceedings

Opening Addresses

9. On behalf of the Minister of Finance who was on mission abroad and on his own behalf, H.E. Mr. Abdelkrim Lakehal, Permanent Secretary, Ministry of Finance, Algeria welcomed participants to Algiers and to the meeting. He hoped that the good working atmosphere of the Palais des Nations would contribute positively to a productive outcome. The current session of the Commission should provide a forum for deepening discussions on the implementation of the Millennium Partnership Programme for Africa's Recovery (MAP). Noting that Africa's development situation had continued to worsen in spite of the efforts made in all socio-economic sectors by member States, Mr. Lakehal called on African countries to meet the many challenges of combating the growing and untenable poverty, particularly reflected in the fact that most Africans lived on less than one dollar a day. Poverty in the region had been exacerbated by the wars and conflicts raging on the continent, the debt overhang and the deplorable health situation created by major epidemics such as HIV/AIDS. Hopefully, the recommendations of the OAU Special session held recently in Abuja, Nigeria would help to roll back the terrible scourge of the pandemic. In his view, this was not the first time that the Technical Preparatory Committee of the Whole (TEPCOW) was considering socio-economic conditions of an increasingly marginalized Africa, whose hopes of benefiting from globalization were dwindling.

10. Against that backdrop, the measures and proposals contained in the ECA document on the "Compact for African Recovery" would go a long way to meeting the many challenges, responding as it did to the urgent need to implement the Millennium Partnership for Africa. The document challenged African countries to take the responsibility for determining their future. From that general conviction came the clear idea that poverty should be eradicated by pursuing sustained growth and sustainable development.

11. Noting that a new and effective partnership with the international community was key to the success of MAP and the Compact, Mr. Lakehal nonetheless, stressed that the primary responsibility for their implementation rested with the Governments and people of Africa.

12. He invited participants to pay close attention to the implementation of MAP and the Compact because they provided the political vision, impetus and practical modalities which would enable Africa to achieve the necessary conditions for economic transformation. With integration of the Compact into the MAP and a transformed partnership among the international donor community, the private sector and civil society, Africa could look towards the future with more hope.

13. In his statement, Mr. K.Y. Amoako, Executive Secretary of ECA, welcomed participants to Algiers for this joint meeting of TEPCOW and the Intergovernmental Group of Experts. On behalf of all participants, he thanked the Permanent Secretary of the Ministry of Finance of the Peoples Democratic Republic of Algeria for his inspiring address and expressed his deep appreciation to the Government of Algeria for offering to host this important meeting. He also expressed his heart felt thanks to the Government and people of Algeria for their hospitality to participants since their

arrival in Algiers and for Algeria's strong history of solidarity, leadership and commitment to Pan-African solutions.

14. The Executive Secretary recalled that within the last three years, joint sessions of the Conferences of Ministers of Finance and Planning had covered the key topics of trade and investment, financial sector reforms, debt management, and the challenge of financing development in Africa. He said that not only was consensus reached on these key issues, but positions taken by participants at these sessions helped influence the G-8 meetings and the policies on debt, and helped prepare African countries for two upcoming global gatherings mandated by the United Nations General Assembly, namely: the United Nations High-Level Event on Financing for Development and the third United Nations Conference on the Least Developed Countries. Referring to the last meeting of the Conference of African Ministers of Finance which was held in November 2000, the Executive Secretary noted with satisfaction that African countries were committed to his proposal for a new Compact with donors and to the concepts for the Compact. As the process of articulating the Compact and the related consultations evolved, the Presidents: Bouteflika of Algeria, Mbeki of South Africa and Obasanjo of Nigeria developed an initiative, the Millennium Partnership for the African Recovery Programme (MAP) and President Wade of Senegal launched the OMEGA Plan for Africa. He observed that the OMEGA Plan and MAP shared the same objectives and vision. He said that the OAU, meeting in March 2001 in the Libyan Arab Jamahiriya, urged that the two initiatives be merged.

15. The Executive Secretary noted that MAP was emerging as the African initiative for development, bringing together all partnership initiatives within a single framework. He said that the Compact for African Recovery was designed to provide technical and analytical support to MAP. Hence the theme of this year's Joint Conference was "Implementing the Millennium Partnership for the African Recovery Programme: Compact for African Recovery". He informed participants that Mr. Kofi Annan, United Nations Secretary-General, had recognized that MAP and the Compact were an appropriate response to the Millennium Declaration adopted at last year's Millennium Summit.

16. Referring to the agenda of the meeting, the Executive Secretary indicated that the other substantive issues were also an integral part of the proposed Compact. As regards the Report on the Work of the Commission for 1998-2000, he noted that it reviewed the major activities of the Commission including its main policy organs, its subsidiary bodies and the secretariat. He also referred to the establishment of the African Development Forum (ADF), an important forum that brought together high-level policy makers, including Heads of State and critically important segments of African society for some of the most productive and exciting discussions on development. He informed the meeting that, building on the success of ADF 1999 on "Globalization and the Information Age" and ADF 2000 on "AIDS the Greatest Leadership Challenge", ECA was preparing ADF 2001 on "Regional Integration in Africa".

17. As regards ADF 2000 on HIV/AIDS, he informed the meeting that the Forum adopted the African Consensus and Plan of Action. The Special Summit of OAU held in April 2001 in Abuja, Nigeria, endorsed the African Consensus and Plan of Action on HIV/AIDS. At that Summit the United Nations Secretary-General called for the creation of a Global Fund for HIV/AIDS on the order of \$US 7 to 10 billion. Also, African Governments committed themselves to allocate no less than 15 per cent of their national budgets for health, including HIV/AIDS.

18. Reviewing the main document of the Conference entitled "Compact for African Recovery: Operationalizing the Millennium Partnership for the African Recovery Programme", the Executive Secretary said that it was prepared in response to a mandate from the ECA Conference of African

Ministers of Finance, adopted at their eighth session in November 2000. The Compact focused on selected key priority areas intended to enable Africa to achieve accelerated growth and development. Emphasis was particularly placed on promoting good governance and conflict prevention. The Compact also proposed joint African and international action in four areas, namely: (a) overcoming diseases, especially HIV/AIDS; (b) improving the quality of human resources, especially in education and health; (c) improving Africa's competitiveness especially through information and communication technology, investment in research capacities and infrastructure development; and (d) promoting regional cooperation. In terms of partnership modalities, the Compact focused on issues of debt relief and trade access. He indicated that the Compact would provide an innovative framework for a transformed partnership between Africa's best performing countries and their development partners, as a means of improving the effectiveness of aid. The Executive Secretary hoped that both the sessions and the high-level panel discussions on the various themes would stimulate participatory discussions and exchange of views on the important issues raised by MAP and the Compact. He particularly hoped that these discussions would also facilitate appreciation by all stakeholders of the operational implications and the mutuality of commitments implied under the proposed partnership, and help rally international support for an African-led development agenda.

19. The Executive Secretary reviewed other major initiatives and programmes which had been developed by ECA. These included the Mano River Union initiative and ECA's new approach for building and sustaining partnerships. He indicated that the Mano River Union Programme was currently being developed to assist the three Mano River Union countries of Guinea, Liberia and Sierra Leone in post-conflict reconstruction and development. He said that ECA's search for better partnership for Africa's development had led to the creation of the "Big Table", which was intended as a regular gathering of leading African Ministers of Finance and their Organization for Economic Cooperation and Development (OECD) counterparts to informally discuss the state of African development and African donor partnerships. He also informed participants that, in collaboration with partners, the Friends of ECA had been formed in order to broaden and deepen support to the work of the Commission. In this regard, he expressed his appreciation to the Governments of the Netherlands and the United Kingdom, which had responded with significantly higher levels of support to ECA.

20. Finally, the Executive Secretary reviewed the Proposed Programme of Work and Priorities for the Biennium 2002-2003 of the Commission. He invited the Committee to make comments and suggestions on the Proposed Work Programme as its views will be recorded and transmitted to the Committee for Programme Coordination of the General Assembly, which will be looking at the whole Proposed Programme of Work of the United Nations Secretariat.

Overview of the Millennium Partnership for the African Recovery Programme (MAP) and the Compact

21. The Committee considered the document E/ECA/CM.25/2 entitled "Compact for African Recovery: Operationalizing the Millennium Partnership for the African Recovery Programme". The discussion on this item was preceded by a presentation on MAP and the Compact for African Recovery by a representative of the secretariat. The Committee noted the motivations for and consultations relating to the Compact and MAP, the principles underlining them, their priority areas of focus, and the modalities for their implementation.

22. MAP is a pledge by African leaders based on a common vision and a firm and shared conviction that they have a pressing duty to eradicate poverty and to place their countries on a path

of sustainable growth and development and to participate actively in the world economy and body politic.

23. MAP is anchored on the determination of Africans to extricate themselves and the continent from the malaise of under-development and exclusion in a globalizing world.

24. The Committee noted that MAP had been inspired by the need to launch Africa on the path of sustained growth and accelerated development at the dawn of a new century. The Compact represents a technical input to the implementation of MAP which is the main framework for Africa's renewal and recovery. It was also noted that the articulation of the Compact was a response to the request by the eighth session of the Conference of African Ministers of Finance that ECA develop a Compact for the economic recovery of the region. Consultations relating to MAP were undertaken at three levels, namely: with African Governments, especially those spearheading MAP and the Omega Plan for Africa; with international institutions and regional organizations; and with some of Africa's development partners. These consultations revealed strong support for the Compact and MAP.

25. The Committee took note of the guiding principles of the Compact and MAP. These included African ownership and leadership; international partnership for MAP; strong commitment to effective governance, peace and security as well as sound macroeconomic policy; partnership among African governments, private sector and civil society; and increased role for the private sector as an engine of growth and development. The main priority areas in MAP were identified as follows: peace and security; economic governance; human resources development; infrastructure; market access and trade; diversification of African economies; financial flows and debt; and environment. These priorities are broadly consistent with those of the Compact.

26. Concerning the modalities for implementation, it was observed that the Compact contained a number of important new features. These include the Heads of State Forum as a mechanism to ensure African ownership and mutual accountability for progress in the implementation of MAP; and a Partnership Forum that brings together the Heads of State's Forum and selected Heads of States and Government from Africa's development partners. The Committee noted that some of the Commission's newly initiated processes, such as "The Big Table" and the *Poverty Reduction Strategy Paper* (PRSP) Learning Group could be useful vehicles for supporting the implementation of the MAP. For example, it was indicated that "The Big Table" which brings together selected African Ministers of Finance and Planning and selected OECD Ministers of Development Cooperation could serve as the Ministerial Preparatory Forum for the Partnership Forum of Heads of State of African and development-partner countries.

27. The Committee highlighted a number of issues that needed to be taken into consideration in the process of moving the implementation of MAP forward. These included the need to ensure sequencing of the priorities and the actions envisaged in MAP; the need to integrate existing key initiatives of many institutions active in the region into the MAP process; and the need for careful targeting of actions to optimize the impact of the measures contemplated in MAP.

28. The Committee also highlighted a number of prerequisites for the accelerated development of Africa, in general, and successful implementation of MAP, in particular. These include creating conditions for peace and security; pursuing a viable regional integration approach; a comprehensive resources development strategy that encompasses human resources development, technological and financial resources; and an effective public debt management strategy that addresses external and domestic debt problems that continue to hinder Africa's growth. Particular emphasis was placed both on the need to use international aid as a complement to local resources, on the one hand, and

for Africa's development partners to honour their commitment to increase official development assistance (ODA), on the other. In this regard, the Committee recalled the proposal to create an international solidarity fund to support Africa's development.

29. Emphasizing the point that without peace and security there could be no sustained growth and development, the Committee noted the situation of a country in West Africa where political instability in the subregion had led to a fall in the GDP growth from a projected 5 per cent, to 1.8 per cent in the past year. Underlining the importance of regional and subregional integration, the Committee expressed the view that the current focus of the Compact which examined regional integration in the context of infrastructure development was inadequate. Instead, the focus of the Compact should be broadened to encompass issues of regional cooperation in peace and security as well as post-conflict reconstruction and development. It was noted in this regard that the Mano River Union Initiative, an ECA initiative, was a good example of subregional approach designed to contribute to post-conflict peace building effort. The Committee further observed that the Compact had not highlighted the cultural dimension of development.

30. Participants raised a number of questions concerning various aspects of MAP and the Compact. These included such issues as: what was the time frame for the implementation of MAP? Do we have assurances from Africa's development partners that they would deliver more aid, if Africa honoured their commitments in MAP? Given the significant capacity constraints that many African countries confront, what role does ECA hope to play in overcoming the capacity constraints? How is the Compact different from the publication entitled *Can Africa Claim the 21st Century*? What is being done to achieve a merger of MAP and the Omega Plan for Africa? What are the areas of convergence between the Omega Plan and MAP?

31. Concerning the time frame for the implementation of MAP, it was explained that there were a number of benchmarks or targets that were built into MAP. Meeting these targets rather than assigning a specific time frame for implementation of MAP would be the key measure of success. Nonetheless, member States would be aware that the implementation could not go on forever. As regards increased aid from Africa's development partners, it was emphasized that while ODA flows had declined in the recent past, there was some evidence that some of the partners would be willing to increase ODA as African countries improve their governance record and strengthen their macroeconomic fundamentals. ECA remained committed to providing support to African countries in overcoming their capacity constraints. Indeed, much of ECA's technical advisory services to member States focussed on capacity building. At the same time, it was noted that the African Capacity Building Foundation based in Harare, Zimbabwe had received increased financial endowment to meet the capacity needs of African countries. It was explained that the Compact represented a logical progression in the thinking reflected in the publication entitled *Can Africa Claim the 21st Century*, in so far as the Compact has outlined concrete implementation mechanisms for advancing Africa's development agenda. Such mechanisms included the Heads of State Forum and partnership Forum of African Heads of State and partner countries. Concerning the merger of MAP and the Omega Plan for Africa, the following steps had been taken: Egypt and Senegal were invited to and participated in the meeting of the Steering Committee of MAP held in Pretoria, South Africa in March 2001; at the extraordinary Summit of OAU in Sirte, the Libyan Arab Jamahiriya in March 2001, the Heads of State and Government agreed that MAP and the Omega Plan should be merged; and the main areas of priority of the Omega Plan namely education, health, infrastructure and agriculture be reflected in the Compact and MAP.

Discussions on the Conference Theme (Agenda Item 4)

- Promoting the value of good governance, peace and security

32. The discussion on this sub-theme was led by a panel composed of Professor Swithin Munyantwali, Executive Director of the International Law Institute of the Uganda African Centre for Legal Excellence; and a representative of the ECA secretariat. Mr. Hakim Hammouda of the Council for the Development of Economic and Social Research in Africa (CODESRIA) moderated the session. This panel discussion examined the important link between good governance, well functioning institutions and poverty reduction – issues at the heart of the Compact for African Recovery.

33. The Committee noted that the essential elements of good governance encompassed a range of actions aimed at creating more participatory political systems, eliminating corruption, and promoting greater accountability and transparency in public affairs. For poverty reduction to be achieved, it was noted that there had to be a commitment to adopt good governance and addressing a range of issues relating to the nature and capacity of the state to guarantee the rights of each citizen; strengthen democratic institutions and promote the rule of law.

34. The Committee noted that Africa should continue striving towards greater transparency and improved participatory management that would promote its economic growth and development as well as reduce poverty.

35. The Committee further noted that corruption, which entailed a failure of governance institutions and policies, had deleterious consequences for economic and political development. In this regard, it was emphasized that corruption creates macroeconomic distortions and crowds out productive investment; slows down economic growth and innovations; leads to inefficiency in service delivery; and undermines the legitimacy of governments and democratic values.

36. Referring to the experience of such developed countries as the United States and Hong Kong where notable achievements have been made in bringing corruption under control through the adoption of various legislative measures, several proposals were advanced for fighting corruption in Africa. Specifically, it was proposed that Parliaments or similar bodies pass legislation to decentralize the fight against corruption in Africa. Such legislation would enable private citizens to bring lawsuits pertaining to wrongdoing in public affairs. The establishment of a special parliamentary committee with special powers to tackle the issue of corruption more effectively was also suggested. It was further proposed that such a Committee be composed of parliamentarians, eminent citizens from the business community as well as women.

37. The Committee highlighted a number of issues in the discussion on eliminating corruption. Key among these was the need to recognize and address the international dimension of corruption, namely that many foreign firms engage in corrupt business practices in Africa. This was deemed to be contradictory to the insistence by certain donors that corruption be checked as a precondition for providing support to Africa.

38. It was, however, stressed that corruption thrives where the enabling conditions exist, and unless these conditions were changed, corruption will continue to thrive. In this respect, it was proposed that African Governments need to summon the political will to enact necessary measures to tackle the problem.

39. On monitoring good governance, the Committee was informed of ECA's ongoing work in developing indices for good governance, based on benchmarks that reflect the norms of good governance, and which can be assessed through a survey instrument. The indicators reflect three different dimensions of governance, namely representation; institutional effectiveness; and

economic management capacities. It was stressed that the ECA project would go beyond monitoring, and was not intended as a ranking of countries. Rather, it was a mechanism for promoting dialogue, identifying best practices, and fostering commitment to good governance. The Committee noted that monitoring good governance is an essential task, not least because it is a prerequisite for enhanced partnership with donors, but also because it responds to increasing domestic demand for more accountability and transparency. It is also consistent with the economic liberalization policies adopted by most African governments in the last decade and half. The discussions further underscored the need for effective coordination in the implementation of the governance component of the Compact. ECA's programme on governance should take due account of the provisions relating to the stability component in the Conference on Security, Stability, Development and Cooperation in Africa.

40. The Committee highlighted a number of key issues to be addressed with regard to monitoring adherence to commitments on good governance. The issues include the depth and quality of representation; inclusion of social groups; gender balance; participation of civil society and the private sector; access to information; independence of judiciary; functioning of oversight institutions; capacity for effective service delivery; and commitment to poverty alleviation.

- Tackling Diseases that Deepen Poverty: Fighting HIV/AIDS, Malaria and Tuberculosis

41. The Committee considered issues relating to the control of diseases, which deepen poverty, namely HIV/AIDS, malaria and tuberculosis. The discussions were led by a Panel comprising the Deputy Executive Secretary of ECA (moderator) and Dr. Dynah Tenkorang a representative of the Commission of Macroeconomics and Health of the World Health Organization (WHO).

42. The Committee recalled that during the May 1999 session of the Commission, Mr. Peter Piot, UNAIDS Director, had made a presentation on the AIDS situation in Africa, which emphasised that AIDS was not just a health issue but a development problem. The Committee commended the efforts made by the secretariat of ECA and the personal commitment of the Executive Secretary in contributing to the fight against the AIDS pandemic, as demonstrated by the organization of the second African Development Forum (ADF 2000) on the theme of "AIDS: The Greatest Leadership Challenge" in December 2000. ADF 2000, which concluded with the adoption of an African Consensus and Plan of Action, had tremendously contributed to sensitizing African leaders on the impact of AIDS on Africa's development prospects by involving African leaders, policy and opinion makers, religious and civil society leaders, youth and people living with HIV/AIDS and the international community in combating the pandemic.

43. The Consensus and Plan of Action articulated a number of guiding principles in the fight against HIV/AIDS. These included the need to break the silence about HIV/AIDS; the need to stop stigmatizing people living with AIDS; the mobilization of domestic human and financial resources; and the need to pursue subregional and regional strategies for securing access to treatment and affordable medication. As a follow-up to ADF-2000, the Committee noted the need for African countries to organize workshops setting national priorities for AIDS control and working out modalities for the implementation of the Addis Ababa Consensus. The Committee noted in this regard the fact that the North African countries had already organized a subregional workshop in Tripoli and encouraged other subregions to do likewise before the next OAU Summit in Lusaka, Zambia in July 2001.

44. The Committee also noted the endorsement by the OAU Special Session of Heads of State and Government (organized in Abuja, Federal Republic of Nigeria, in April 2001 on HIV/AIDS

and other infectious diseases) of the Consensus and Plan of Action adopted at ADF 2000. The Abuja Summit underlined the need to act immediately and to direct concerted effort towards AIDS prevention, care, treatment and resource mobilization as well as the creation of a global fund to combat AIDS. The Summit, accordingly, adopted a Declaration calling for the mobilization and efficient use of resources; the commitment of Governments to devote 15 per cent of national GDP to health expenditure, in particular, such expenditure as related to AIDS control; support for the establishment of the global fund to combat AIDS; and the enactment of laws and regulations providing for access to medication.

45. The Committee also expressed its appreciation for the technical assistance provided by ECA to the Secretariat of the Organization of African Unity (OAU) and the Heads of State and Government on AIDS and other infectious diseases such as malaria and tuberculosis at the Summit held in Abuja, Nigeria, from 25 to 28 April 2001. Within the framework of the elaboration of the Plan of Action, the main outline of which was defined during the Summit, a call was made for ECA to continue its technical assistance to member States and to the OAU Secretariat. It was noted in this regard that ECA was consulting with OAU, UNAIDS, the United Nations Children's Fund (UNICEF) and the United Nations Development Programme (UNDP) with regard to setting up a joint structure that would report to each OAU Summit on progress made within the context of implementing the Abuja Declaration.

46. The Committee noted that in the year 2000, a Commission on macroeconomic issues and health was created, under the auspices of the World Health Organization (WHO), with the mandate of bringing together economists, health experts, research fellows, representatives of national governments as well as international research institutions to critically evaluate issues relating to health and development and evolving indicators on the following areas:

- (a) Evaluating the nature and magnitude of health-related investment;
- (b) Providing incentives for the research and development of medication, vaccines and other technologies for tackling diseases of the poor;
- (c) Effectively mobilizing local financial resources in the fight against health scourges;
- (d) Health and international issues arising therefrom;
- (e) Cost-effective use of resources for improving the health of poor people, including policies and measures within and outside the health sector; and
- (f) Development assistance and health related issues.

47. The role of the family in the efforts of preventive and therapeutic care was emphasized. Moreover, increasing financial resources for health was an important indicator of firm political commitment to providing improved health care. In this regard, the Committee was informed of the Harvard University's initiative proposing the establishment of a \$US3.5 billion international fund to care for one million sick people. The establishment of this fund would be accompanied by the setting up of an international team of American and European research fellows to manage the use of the fund. Other approaches would entail the mobilization of external resources by an intergovernmental agency, the mobilization of domestic resources by African ministries of health and finance and the establishment of a group of African research fellows. Whichever option would be adopted, the action to be taken would consist of:

- (a) Adopting immediate measures for building the necessary health infrastructural facilities in African countries;
- (b) Securing health investments differently from what was done in the past and immediately committing human resources to achieve set objectives;
- (c) Conducting a comprehensive review of health issues that should form part of all development strategies in Africa;
- (d) Forging a solid partnership with the rich countries within the context of preventive, curative and therapeutic care; and
- (e) Instituting machinery to promote the production of health goods for Africa including the assessment of basic research needs for an AIDS vaccine. In this respect, it should be possible to combine therapy with research into new composite drugs and preventive action. It would be important to focus both on anti-retroviral therapy for reducing HIV transmission from mother to child and for minimizing the risks of contamination during circumcision.

48. With regard to curative care, the Committee proposed the establishment of health delivery services and the adoption of comprehensive social security provisions. The Committee also felt that at the national and subregional levels, groups of African research fellows working in the diaspora could undertake some of the activities mentioned earlier. To build them into effective teams that could help to mobilize resources and to implement the proposals, the Committee thought it would be helpful to have adequate financial resources to provide such research workers with competitive remuneration packages.

49. The Committee was of the unanimous opinion that the AIDS pandemic was clearly a development problem and a threat to the survival of the continent. Consequently, the Committee noted that any strategy to combat AIDS and other infectious diseases, including malaria and tuberculosis should be integrated into development plans and programmes. The Committee suggested that in this context, sensitization and prevention actions should be incorporated in school curricula and community education programmes, taking into consideration socio-cultural aspects.

50. The Committee hoped that countries with a high incidence of AIDS would make their situation known and solicit the assistance of other countries within the region. In the same vein, the countries that were less affected should recognize that they were equally at risk and promptly embark on appropriate actions to contain the pandemic. In addition, the Committee underscored the fact that while there were various forms of treatment for AIDS, there remained the issues of access and cost. Consequently, the Committee suggested that avenues of negotiated settlement of these issues with the pharmaceutical laboratories should be sought at the continental level.

51. On the question of research, the Committee expressed concern with the weakness of national capacities to address the challenge. The Committee was, nonetheless, of the opinion that Africa could make a contribution to ongoing research efforts if a mechanism could be established for pooling existing capacities, with scope for mobilizing the participation of African practitioners and scientists evolving outside the continent.

52. The Committee expressed concern that it might be difficult to mobilize the magnitude of estimated resources required to stem the spread of the pandemic. In this regard, the Committee welcomed the appeal made by the Secretary-General of the United Nations for the establishment of an International Fund for the struggle against AIDS, in order of \$US 7-10 billion, to be used for prevention, treatment and research purposes. The Committee expressed its interest in knowing to what extent African countries could participate in the establishment and build-up of the Fund. The Committee fully took note of the initiatives already taken by some African countries to mobilize own resources and allocate a sizeable part of their public expenditure to the health sector or, in

parallel with budgetary mechanisms, integrate the anti-AIDS component programmes and projects. The Committee was of the opinion that as a symbol of commitment, African countries would need to increase their budgetary outlays to combat AIDS and other infectious diseases such as malaria and tuberculosis. Such an action would persuade their partners to raise the level of their assistance and support to health programmes in Africa.

53. Linking the debate on the new global anti-AIDS strategy with the actions proposed for the implementation of MAP, the Committee indicated that while the main issue remained that of resource mobilization, the issue of human capacity was equally crucial. The Committee observed that even if resources were to be mobilized to the level of estimated requirements, the issue of optimal utilization of these resources would still need to be addressed. The Committee cited the example of Brazil, which had managed to put in place an efficient community-based system of health care delivery and monitoring. The Committee also stressed that over and above the question of resources and the availability of drugs, the core concern was to find out how delivery systems at the country level could be made more effective.

54. With regard to the overall proposed anti-AIDS strategy, and particularly regarding the reversal of the brain-drain from the continent, the Committee took note of the possibilities offered by the Transfer of Knowledge through Expatriate Nationals (TOK-TEN) mechanism established by UNDP. The Committee pointed out that in order to take full advantage of the possibilities offered by this mechanism, it was necessary to establish the profile of expertise required, localize the experts meeting that profile and estimate the cost of mobilizing their competencies.

55. The Committee also considered the issue of the limitations of the public sector in providing social services, including health services. The Committee noted that weaknesses in this area meant that the right course of action might be to move towards a strategy focused on community participation and greater involvement of the private sector. In the same vein, and in regard to resource mobilization, both for combating the AIDS pandemic and for the implementation of MAP, the Committee highlighted the limitations of the public sector. It endorsed the concern to seek a system of incentives that could be put in place to refocus research efforts towards the private sector.

- Issues relating to Financing for Development

56. The discussion on this item was led by a panel that consisted of two representatives of the ECA secretariat and a representative of the Embassy of Nigeria to Ethiopia and moderated by a representative of the secretariat.

57. The Committee noted that ECA had accorded high priority to the question of financing for development. This was illustrated by the fact that ECA had devoted the last two sessions of the Commission to that theme.

58. The Committee further noted that current estimates from ECA and other organizations showed that in order to attain the internationally agreed development goals, Africa needed to attain and sustain an investment rate equivalent to 33 per cent of GDP. Given that Africa's estimated savings rate was equivalent to 15 per cent of GDP, there was a huge resource gap equivalent to 19 per cent of GDP. After taking into account all the projected resource flows from external sources, there remained a residual resource gap equivalent to 9 per cent of GDP. This resource gap underscored the importance of mobilizing development finance for Africa.

59. The Committee observed that the sources of development finance could be classified into two broad categories: domestic and external sources. On the domestic side, the key sources were private and public savings, and export income. On the external side, the main sources were foreign direct investment, including private capital flows, and ODA. Other critical sources of development finance for Africa were debt relief and reversal of capital flight.

60. The Committee noted that domestic savings in Africa were low largely due to low incomes, underdeveloped financial and capital markets, poor regulatory environment that led to high transaction costs and financial risks, weak fiscal policy stance, as well as a policy environment that was unstable. It was, therefore, important for African countries to sustain macroeconomic stability including fiscal prudence, deepening financial sector reforms including measures to encourage the development of regional capital markets so as to widen the variety of financial instruments available to both savers and investors, and strengthen the regulatory environment especially in the financial services sector.

61. Emphasizing that savings were not likely to become a major source of development finance in the near future, the Committee underlined the need for other sources to be explored. In this regard, export income was identified as a potentially important source. However, it was noted that Africa's share of world exports had remained low and were declining. This was largely because of trade and non-trade barriers mainly imposed by developed countries in areas where African products were competitive such as agriculture and textiles. In cases where some developed countries had provided duty-free market access to African countries, it was usually linked to certain conditionalities that restricted market access. In other cases, weak export capacity was due to lack of competitiveness associated with high costs of production primarily due to poor infrastructure. It was thus critical for African countries to press for boarder and guaranteed market access and adopt measures to improve the competitiveness of their exports before fully exploiting this important source of development finance.

62. As regards the prospects of increased FDI flows, the Committee observed that it had remained low in Africa despite significant improvements in the policy environment in several countries. Still, in some countries, there was need for reforms in the institutional and regulatory environment to ensure that property rights were effectively protected, contracts were enforced, the risks of investing were reduced, and there was provision of efficient infrastructure. Moreover, FDI flows to Africa were also concentrated in a few countries, and even, then, these were mainly going to extractive industries such as mining and petroleum. Many African countries were therefore not benefiting from FDI flows. In most African countries, attracting FDI required expanded markets and this could only be done effectively through regional integrated markets. As such, regional integration was an important strategy for attracting FDI.

63. The Committee noted that ODA had declined substantially during the 1990s at a time when most African countries needed it most and had started to strengthen the policy environment to improve the effectiveness of aid. The key explanatory factor for aid ineffectiveness was largely poor governance and corruption, donor interests in selected projects or programmes that were not necessarily based on economic criteria, and donor processes and procedures that imposed heavy and costly demands on African governments. To reverse this trend, there was a need for a new aid relationship that would address these problems.

64. Debt relief was another source of development finance but the current relief provisions under the HIPC initiative were insufficient, as they left out many African countries with unsustainable debts while the criteria for qualifying were too stringent. The HIPC initiative also did not include all countries that were experiencing debt overhang problems.

65. The importance of reversing capital flight in order to mobilize more development finance was emphasised. Based on some estimates, the amounts of capital flight from Africa were sufficient to repay the continent's debt. Also, it was difficult to convince others to invest in Africa if Africans themselves were not investing in the continent. It was thus important to undertake measures to reverse capital flight and send the appropriate signal to foreign investors.

66. Noting that most of these sources were not likely to generate sufficient financial resources for Africa, the Committee underlined that the enhanced partnership proposed in the Compact held the key to increased aid and enhanced aid effectiveness. Such enhanced partnerships would be based on mutual trust and commitment with agreed mechanisms for monitoring progress. The Committee also stressed the need for an increase in ODA in the short run to serve as bridging instrument until such a time when other resource flows were available to the continent. At the same time, it was essential to build the requisite absorptive capacity for increased financial flows. In this regard, there was need to improve and undertake financial sector reforms, develop appropriate regulatory framework, put in place a liberal investment regulation, competitive labour market policies as well as investment on human capital development.

67. The Committee placed particular emphasis on the need to take advantage of existing trade concessions on offer to Africa by some of Africa's development partners, such as the African Growth and Opportunity Act enacted by the United States of America and the European Union's duty-free concessions. In addition, WTO with its system of rights and obligations also provided stable and reliable trading environment that African countries could take advantage of in seeking market access, and diversify their economies in order to redress the negative terms of trade to which they had been subjected.

68. The situation of North Africa as regards FDI was highlighted. While the benefits of FDI were well known, the measures put in place to attract such investments were not always adequate for all countries. This was largely because measures were not introduced at the opportune moment, and conducive business environment for both domestic and foreign investors was not always present.

69. The Committee observed that since the early 1990s, the process of economic liberalization had played a key role in attracting investment, promoting private sector development and streamlining regulatory framework for FDI. Such reform efforts had been critical to launching the ambitious privatization programmes in Latin America and Eastern Europe that had resulted in increased investment. Noting that liberalization alone was not sufficient, the Committee underlined the need to complement these measures with institutional reforms and policies that strengthen regional integration.

70. The Committee observed that the North African subregion had not benefited from recent investment flows, although there were wide variations between different countries and economic sectors. Nonetheless, recent studies indicated that with better incentives, a lot of opportunities existed for foreign direct investment. It was noted that at the request of member States, the North Africa Subregional Development Centre (SRDC-NA) of ECA will organize the Forum on Investment in North Africa whose main objectives would be to: bring together a cross section of stakeholders particularly from the private sector in the seven members States of the subregion, actual and potential transnational investors, national and regional banks and development funds based in the subregion; to share experiences on ways and means of promoting investment in North Africa.

71. The Committee noted that while the issue of mobilizing development finance was critical, it was equally important to consider the issues of effective utilization of the resources, absorptive capacity, corruption and governance. It was further noted that in addition to promoting trade as an engine of growth, it was important to develop an industrial base so as to address the declining share of exports of African countries. At the same time, it was observed that unless there was a dynamic industrial base, it would be difficult to reduce heavy dependence on primary commodity exports.

72. The Committee observed that while nationals living abroad could be a potential source of inward investment there was need to adopt appropriate policy measures to convince them to repatriate their money, which would in turn encourage foreign investment. Moreover, particular emphasis was placed on the need for both public and private savings and the creation of an enabling environment for attracting external finance.

73. A question was raised on what ECA was doing to develop regional capital markets, since it was widely acknowledged that many African countries could not sustain national capital markets due to their small and fragmented markets. It was explained that ECA was actively involved in the promotion of regional capital markets and in this regard, had established the African Capital Markets Forum to bring together all stakeholders to identify constraints and policies required to address the problem. Moreover, the issue of structural transformation was critical to developing a sound industrial base for Africa that was capable of enhancing the continent's competitiveness in international markets. This was one of the areas of focus of the current study produced by ECA with the theme of accelerating growth in Africa.

- Bridging the Digital Divide

74. The discussion on this issue was led by a panel composed of a representative of the secretariat, as moderator, and Mr. Mactar Seck, Executive Secretary of the Higher Council for Industry, Senegal.

75. The Committee noted with concern that Africa was being left behind in the area of information technology as it had lower teledensity and fewer computers and Internet connections. It particularly observed that the region had not benefited from the exponential rise of information and communication technologies (ICTs) and that has exacerbated the digital divide as demonstrated by its limited connectivity use and development of ICT services and the quality of infrastructures. In this regard, the Committee noted with satisfaction that ECA was committed to bridging the digital divide by providing support to the implementation of African initiatives and programmes such as the Africa Information Society Initiative (AISI). This initiative was adopted in 1996 during the ECA Conference of Ministers and updated by the Programme of Action adopted at the 1999 ADF on the theme "The challenge of globalization and the information age", aimed to help the region adopt to the fast evolving world of ICTs. Noting that these initiatives had led to a consensus on the important role of ICTs in the development process, the Committee recommended that appropriate measures be taken so as to ensure the successful implementation of the ICT component of the Compact and MAP. Convinced of the benefits to be derived from adequate ICT infrastructures and content, the Committee urged African Governments to provide the enabling environment in order to attract adequate direct and foreign investments, which were needed to translate the adopted policies and strategies into concrete actions.

76. The Committee took note of the reasons why Africa should invest on ICTs. These included the provision of an enabling development tool with a multiplier effect, which could cut costs, improve quality and speed up the delivery of basic infrastructure and services. With examples from Senegal and other African countries, the Committee outlined the main actors that would reap

advantages in participating in the information economy. These included, among others, government services, education institutions, non-governmental organizations, private and public enterprises, the traditional media and the business community. ICTs, through the reduction of communication costs and elimination of geographic barriers, were bound to speed up the diffusion of knowledge and services in administration, the health sector, management of natural resources and the environment, press and media, education and training, the provision of tele-services and electronic commerce. Furthermore, the Committee noted that the challenges of the digital revolution included how to make the best use of ICTs to accelerate and sustain the continent's economic and social development, meeting the needs of the people, setting up an ICT-friendly environment, investing in African youths, building capacities of universities and research institutions and encouraging the local private sector to develop the relevant applications.

77. Thus, the Committee underlined the need for the creation of an appropriate regulatory environment, the development of support infrastructure and strengthening of the management of the information economy. Particular emphasis was placed on a need to reform the fiscal, tax and custom services, establish a financial programme (for example, an ICT fund), support national human and institutional capacity development, and build basic research and development (R & D), including ICTs priority applications.

78. The Committee noted that some African countries were increasingly adopting a strategic approach to the planning and development of their information infrastructure. Such an approach, usually reflected in the national information and communication infrastructure (NICI) plans, brought coherence to national plans to deal with the complex interaction of networks and technologies with social and economic forces. It was within this context that organizations such as ECA and its partners provided their support. Some countries noted that while the ICT revolution was contributing to the rapid growth of services and jobs as well as trade, an in-depth assessment of the impact of ICTs was paramount, especially in categorizing and evaluating progress achieved so far as well as identifying national priorities and types of technical assistance needed.

79. The Committee also observed that although the opportunities of developing and supporting ICTs-related activities were obvious, some caution was warranted. The process of bridging the digital divide was not automatic. ICTs was not a panacea that obviated the need for governments to create the necessary enabling environment, such as opening up markets to foreign trade and investment, liberalizing and deregulating telecommunications, protecting property rights, improving education, ensuring an effective legal system and efficient financial markets. Indeed, it was emphasized that ICT development must proceed alongside with sound economic policy, as this increases the overall rewards of application of ICTs. For example, African countries would remain disadvantaged so long as telecommunications services remained in the hands of state-controlled monopoly. This suggests that although ICTs may help many African countries to catch up with developed countries, the existence of digital divide within each country implies that some people would derive more benefit from ICT than others. The Committee took note of the various levels and stages of ICT developments in line with countries' needs and realities.

80. Noting that Africa was at a cross roads and that tremendous changes in ICT awareness and development had taken place in the mid-1990s, the Committee was urged to reflect on the priority areas that would lead to the emergence of concrete programmes and projects at the subregional and regional levels and through which the instrument of the Compact and MAP could be used to mobilize adequate and sustainable resources. Some of these included developing feasible telecommunication policies, promoting ICTs content development and effectively utilizing distance learning programmes. The rationale here is that increased knowledge and local content are needed to solve public policy problems, enrich teaching curricula, stimulate the private sector, invigorate

civil society, improve governance and strengthen the integration of African societies and economies. Against the background of globalization, there was need for African countries to design and implement action programmes in the area of ICT.

81. Forging effective partnerships and building consensus as expressed by the World Meteorological Organization (WMO), Food and Agriculture Organization of the United Nations (FAO), the World Intellectual Property Organization (WIPO) and Francophonie in order to formulate shared goals and priorities, draft action programmes and define the environment that would enable African countries to implement ICT programmes was recommended. The Committee recommended that governments should pay more attention to ICT integration and promotion in their development plans. Well-designed NICI plans that were in line with countries' needs and realities would create stronger partnerships and attract more investments from the international community and the private sector. The Committee also recommended the submission of a common ICT African position to the up-coming G8 Summit to be held in Genoa in July 2001 as part of the work of the DOTforce. The 2001 Economic and Social Council (ECOSOC) Session to be held in Geneva is an opportunity to recognize ICTs as an integral part of the African development agenda and to call for a special partnership programme in support of AISI.

82. Finally, the Committee reiterated the important role played by all stakeholders, especially by governments that were willing to create opportunities that would contribute to Africa's participation in the information age. These include the need to provide technical assistance to facilitate the integration of subregional and regional networks; develop formal support systems for securing ICTs funding; reinforce effective partnerships among African countries; reduce excessive taxation on ICT service providers; provide institutional support to modernize and increase access to affordable networks; utilize part of debt relief for capacity building and education; and design and elaborate subregional and regional programmes and projects consistent with the Compact and MAP.

- Accelerating Regional Integration for Infrastructure Development

83. The discussion on this issue was led by a panel consisting of Professor William M. Lyakurwa, Deputy Executive Director in charge of training at the African Economic Research Consortium (AERC) as moderator, and Mr. Demba Ba, Director, Private Sector Department, Africa Region, World Bank.

84. The Committee first and foremost recognized the importance of the Compact as a framework for the development and promotion of regional integration. It was also stressed that regional integration can make a significant contribution to accelerated economic growth due to the possibilities it offers in terms of economies of scale through the development of physical infrastructure as well as linkages among the countries of the region. The Committee noted, for example, that improvement of the road networks would help increase trade in goods and services between different countries. However, the Committee observed that realizing economies of scale would require substantial investment, the programming of which would have to be made well in advance. It was also observed that despite the high cost of developing basic infrastructure, various countries still tended to undertake costly investments at the purely national level, whereas they stood to reap immense gains by adopting a regional approach which would reduce the burden for each country.

85. Consequently, the Committee proposed that emphasis should be placed on regional cooperation in the area of investment in infrastructure (i.e. roads, railways, seaports and communications). Indeed, the existence of a reliable regional network of basic infrastructure could

have two important benefits, namely stimulating foreign investment and boosting confidence vis à vis foreign investors.

86. To illustrate the importance of transport linkages in Africa, the Committee referred to a recent World Bank study showing that to take part in a three-hour long business meeting, would take an African business person about five days travel time in a few cases. This lack of adequate transport infrastructure poses a major obstacle both in terms of the movement of goods and persons across the region and in terms of the integration of African countries into the global economy.

87. The Committee stressed that formulating an effective regional integration strategy would necessitate the promotion of trade facilitation structures alongside the development of physical infrastructure; the integration of the competitiveness dimension in the formulation of infrastructure development strategies; and the promotion of infrastructure development approaches which integrated supply and demand chain for goods.

88. The Committee believed that applying new techniques of marketing was as important as any other physical infrastructure and related services.

89. Noting that the development of supply chain had significant macroeconomic effects, the Committee underscored the need for the efficiency of logistics and of a harmonized global trade network which can serve as major "pull" factors for foreign direct investment. Thus, for example, the transaction ratio (cost of logistics/GDP) is a determining factor in the evaluation of profitability of fixed assets.

90. The Committee also observed that the concept of global competitiveness in the twenty-first century was no longer purely dependent on the criteria of lower marketing costs or of product quality but, increasingly, on the quality and reliability of packaging-related services as well as on the capacity of the seller to integrate logistic mechanisms. Indeed, it is impossible to integrate into the world trade system without first integrating logistic mechanisms.

91. On the issue of how trade could contribute to the regional integration of infrastructure, the Committee indicated that it was essential to embark on the integration of national transport systems before proceeding with efforts to develop a trans-African network which, in turn, would be linked to the networks of other regions in the world. To facilitate this integration, it was imperative for African countries to strengthen their own respective transport networks in order to attain a satisfactory level of development that can facilitate their integration into the world economy. Furthermore, particular importance would have to be attached to the question of maintenance of road networks. On the question of maintenance, the Committee considered the viability of the road tolls established in some of the African countries, the proceeds of which did not always go towards the intended purposes.

92. The Committee underscored the importance of institutional reforms. In particular, it stressed the need to reform trade facilitation institutions, and especially customs and immigration services to function as trade facilitation structures rather than paramilitary structures designed purely to collect taxes, as is the case at present. The importance of reforming the financial sector was also stressed. In this regard, the establishment of ECOBANK in West Africa was cited as a successful example of the facilitation of financial transfers. Moreover, the Committee underscored the need to harmonize business laws and business standards to make them compatible with international norms, and facilitate regional commerce.

93. The Committee recognized that commendable efforts were being made at the subregional level and continent-wide towards the integration of infrastructure and the Compact should serve as a useful tool in strengthening these efforts. The Committee also observed that the private sector had a vital role to play in the process of the integration of infrastructure. In this view, it is important to identify regional initiatives designed to promote private sector development.

94. While taking note of the initiatives that had been adopted across the continent towards integrating infrastructure, the Committee, none the less, recognized that their utilization had fallen short of expectations (for instance, the trans-African roads, the dissolution of East African Airways, etc.). The Committee noted, for example, that in the air transport sector, African countries were pursuing development policies at country level, whereas the international trend is towards mergers and alliances. The Committee considered that there was a need for African countries to embark on merging and pooling of their air transport companies in order to create viable entities capable of covering the whole continent and supporting trade continent-wide. In this regard, the Committee was in support of the idea of an in-depth study within the framework of the Compact with a view to eliciting initiatives towards merger and alliances of African air transport companies, to make them internationally competitive.

95. The Committee also recognized the difficulties involved in attracting investment in infrastructure in the absence of the necessary conditions of peace and security in the various countries. The Committee noted that the regional integration component of the Compact should be developed with an emphasis on peace and security as necessary conditions for investment growth in the area of infrastructure development.

96. The Committee noted the emergence of a new impetus within the Economic Community of West African States (ECOWAS) and the Community of Sahel-Saharan States (CEN-SAD) towards the acceleration of subregional integration. In that connection, it referred to the establishment of energy-related infrastructure which is designed to optimize the utilization of existing energy resources.

97. The Committee observed that Africa possessed considerable potential in terms of water-based infrastructure resources, however, those resources were yet to be fully tapped. In that connection, the Committee stressed the need to adopt a regional approach in the search for solutions to water shortages which frequently faced the countries of the Sahel region due to desertification – which is a transboundary problem. Consequently, better utilization and management of water resources was recommended. The various regional cooperation initiatives, should not only command political support but should also be economically viable. The Committee was of the opinion that these concerns should be taken into consideration in the Compact.

98. The Committee noted that considerable progress had been made in the transport sector over the two decades as a result of effort devoted to the development of the transport sector in Africa. In reviewing the problems affecting the transport sector, it was observed that implementation of regional strategies and problems had been hampered mainly by the lack of adequate financing. The Committee stressed that there was a vision of development of the transport sector in Africa that was founded on plans and programmes. However, it was necessary to define priorities and look into issues of financing. The Committee also took note of the Yamoussoukro Declaration on the liberalization of air transport, the implementation of which was already under way within the COMESA region.

99. The Committee reiterated the importance of the Compact as a framework for the promotion and acceleration of the regional integration process in Africa. While commending the efforts

already made at the subregional and regional levels, the Committee emphasized the need to look into ways and means of building upon those efforts within the framework of the Compact.

External Debt Issues for Highly Indebted Middle Income and Poor Countries

100. The discussion on this item was led by a panel composed of Professor Mwangi Kimenyi of the Kenya Institute for Public Policy Research and Analysis (KIPPRA) and Mr. Martin Dent of Jubilee 2000; and moderated by a representative of the secretariat.

101. The Committee noted that the Mexico debt crisis of 1982 brought the external debt problem of the developing countries to the forefront of the international financial policy. The initial international policy response to the debt crisis, as reflected in the Baker Plan in 1985 and the Brady Plan of 1989, focussed almost exclusively on resolving the commercial debt problems of the middle income countries. This was due to pressures from the commercial creditors who feared that the default by highly indebted middle income countries would pose a threat to the international financial system. Attention began to be paid to the plight of highly indebted poor countries starting with the Trinidad terms initiative. It was further noted that the boldest initiative to address the debt problems of poor countries was the Highly Indebted Poor Countries (HIPC) initiative, which though focused on the debt overhang problems of these countries, did not lead to substantial debt reduction. After pressure from both the poor countries and some members of the international community, the HIPC initiative was recently replaced by the Enhanced Highly Indebted Poor Countries (EHIPC) initiative.

102. The Committee stressed that without resolving the debt problems of African countries, it would be difficult for them to achieve macroeconomic stability, accelerate growth and, thus, reduce poverty. It was noted that while there had been many attempts to resolve the debt crises of poor countries, including Africa, in the framework of the United Nations Conference on Trade and Development (UNCTAD) resolution urging debt reduction and the Paris Club initiatives during the 1980s, the debt burden in Africa had not been reduced to sustainable levels. Hence these countries continued to experience high and, in most cases, intensified levels of poverty.

103. The Committee took note of the key elements of the HIPC initiative which was launched in 1996 as a framework to enable poor countries a lasting exit from the debt crisis, improve their growth prospects, and help to reduce poverty. The initiative was aimed at reducing the debt levels of poor countries to the point of sustainability. It was comprehensive and integrated, in that it allowed a country to deal with all creditors together and thus helped to reduce the transaction costs of dealing with each individual creditor. However, the process of qualifying for debt relief under HIPC was lengthy and cumbersome. The definition of a highly indebted and poor country left out many countries that were experiencing serious debt problems. Moreover, it took up to six years to reach eligibility for debt relief. The indicators used to determine eligibility for debt relief such as debt service to exports ratio or the stock of debt to exports ratio made it difficult for many countries to qualify for eligibility. It was, thus, important to develop new indicators of debt sustainability and shorten the timeframe it took for a country to qualify for debt relief.

104. Another problem with the HIPC initiative was that it tended to overestimate debt sustainability for eligible countries, thus making it difficult, for most countries to obtain sufficient relief to enable them exit their debt problem. For such countries, the analysis of debt sustainability did not take into account such factors as the ability to withstand an economic shock, as it only focused on the ability to pay. Under the current system of computation, countries that were considered to have attained debt sustainability after debt relief did not have sufficient resources remaining to meet investment and growth requirements as well as for the provision of social

services. In this regard, it was noted that debt sustainability needed to include a social component and the investment requirements of each country. Taking these additional factors into account, there was need for much deeper and faster debt reduction in order to achieve growth to meet human development needs.

105. The Committee observed that debt forgiveness could sometimes serve as a disincentive to Foreign Direct Investment (FDI). As a result, some countries had decided against debt relief under the HIPC arrangement. The Committee noted that the experience in South East Asia has shown that countries needed to be prepared to respond vigorously to avoid investor and creditor crisis of confidence, once a financial crisis erupted. In this regard, the role of the government in providing adequate guarantees and, in particular, government credibility was very important in negotiating commercial debt rescheduling as was seen in the case of Korea.

106. The Committee underlined the importance of partnerships between African Governments and civil society organizations in the advocacy for debt remission. It was further stressed that debt cancellation rather than debt relief should be the focus of international action. Indeed, debt relief can mean just rescheduling which is merely a postponement of the problem. Consequently, a unified approach in pressing for debt cancellation was required. Hence, governments were called upon to support efforts of the Jubilee 2000 and other similar movements that are working for debt cancellation.

107. Noting that the HIPC initiative had yet to be extended to all deserving African countries, the Committee emphasized the need for a more inclusive approach that dealt with debt problems of all countries that had significant burden not just the poor ones especially the most vulnerable exogenous shocks. Although the debt owed to the World Bank was being converted to International Development Association (IDA) assistance, it was stressed that this was not sufficient and the World Bank needed to provide much deeper relief to African countries. There was also a moral aspect of the debt crisis especially in cases where debt was incurred under questionable political circumstances. Such debts should be cancelled. Even though such countries continued to repay their debt, the outstanding amounts were enormous and not sustainable morally and economically and thus were legitimately liable for remission.

108. The Committee expressed strong support for a new approach to resolving the African debt problem focusing on debt cancellation for all affected countries and not just those classified as HIPC. The Committee observed that the debt problem extended beyond those countries classified as poor and highly indebted to include other countries whose debt was classified as sustainable even though its effects on their economies were just as in other HIPC countries. A participant drew attention to the experience of South East Asia where the financial crisis was largely due to imprudent policies of both creditors and recipients. The creditors, therefore, had as much responsibility as the debtors in finding solution to the debt problem.

109. In summing up, the Executive Secretary of ECA gave an account of how ECA had approached the external debt problem of Africa; what the current situation was; and what needed to be done. He noted that after the launching of the HIPC initiative, ECA initiated a consultative process involving all stakeholders including multilateral and bilateral institutions, NGOs, civil society and African governments that culminated in the convening of the Joint Conference of African Ministers of Finance and Ministers of Economic and Social Development and Planning in 1999. That meeting reviewed the HIPC initiative particularly the analyses on sustainability issues and the related indicators, and concluded that the proposed initiative was inadequate. He added that the recommendations emanating from the meeting which were embodied in the Ministerial Statement of 1999 were communicated through the UN Secretary-General to the Group of Eight

and were very instrumental in shaping the outcome of the Cologne Initiative. He recalled how, in turn, the Cologne meeting had contributed to the establishment of the enhanced HIPC initiative that was tied to an agreed poverty reduction programme under the Poverty Reduction and Strategy Papers (PRSPs).

110. The Executive Secretary further noted that ECA had since then initiated a process of analyzing the HIPC initiative and its link to poverty reduction, with a view to identifying the constraints and problems, promoting experience and sharing best practices in order to influence the ongoing debate on African debt sustainability and the case for debt cancellation. In his conclusion, he noted that the momentum that had helped the previous successful move to revise the initial HIPC initiative was waning and called on the Committee to come up with new proposals and suggestions to be included in the Ministerial statement and to reinvigorate the momentum towards reduction.

- Transforming Partnerships with Africa

111. The discussion on this item was led by a panel consisting of representative of the secretariat and Mr. Owen Barder of the Department for International Development (DFID) of the United Kingdom and moderated by a representative of the secretariat.

112. The Committee noted that the Compact supported the MAP an African-led initiative based on the premise that African leaders and their people had a firm and shared conviction to launch their countries on a path of sustained growth and poverty reduction. At the core of the Compact is the idea that effective governance is essential for providing the leadership required for sound economic management and, therefore, ensure its successful implementation. The Compact was based on existing modalities and drew upon emerging best practices to forge a comprehensive response to the challenges facing Africa. It is intended to fully exploit what already exists and by providing an African-led vision for enhanced partnerships, to stimulate a transformation in aid relationships.

113. The Committee noted that partnerships were always important for Africa and these had in the past yielded substantial aid flows to Africa, especially in key economic and social sectors such as health and education, agriculture and infrastructure. In recent years, the share of ODA flows to Africa had declined substantially. This was partly attributed to concerns about aid ineffectiveness. Poor governance and fragmented donor driven projects sometimes are at odds with national priorities, were a key explanation for aid ineffectiveness in recipient countries. Moreover, donor conditionalities were onerous, burdensome and, sometimes, inconsistent. This has led to a stop and go relationship with African governments and unpredictability, which undermined development efforts. On the other hand, budget constraints in donor countries, donor intrusiveness in determining the type of projects to be funded, donor coordination and aid allocation had hindered effective utilization of aid resources.

114. The Committee noted the guiding principles of the Compact, namely: African ownership of visions and goals of national development; stable long term resource flows and predictability of donor support; transformed partnership based on mutual accountability towards meeting shared development outcomes; and a recognition of Africa's diversity.

115. Regarding ownership, mechanisms such as the Comprehensive Development Framework (CDF) and the Poverty Reduction and Strategy Papers (PRSPs) provided an opportunity to advance ownership particularly due to their focus on ownership and participatory processes. However, there were challenges that needed to be addressed including lack of national capacity to undertake the process, trade-off between time required by the PRSP process and the urgent need for debt relief

under HIPC, as well as the tension between ownership and the requirement for joint assessment of the PRSP by the World Bank and IMF. To address these challenges, ECA had started the PRSP Learning Group to bring African countries together to exchange ideas and best practices, and identify capacity gaps. Also, ECA had introduced the 'Big Table' forum, where African Ministers of Finance had the opportunity to hold frank and open dialogue with their counterparts in the OECD/DAC countries. The African Development Forum (ADF) was another process started by ECA and was important for consensus building and priority setting around African-led development visions with time bound and clearly set objectives and monitoring mechanisms. In addressing the capacity building needs, it was indicated that the African Capacity Building Foundation (ACBF) could play an important role.

116. The Committee noted that transformed partnerships meant that instead of the conditionalities of the past, there was need for a new approach based on mutual accountability and agreed development goals and outcomes including peer review and performance monitoring among both African governments and development partners. Diversity implies that Africa was large with immense differences between countries, where some countries were better placed to readily benefit from the enhanced partnerships, while others needed to make progress in good governance and economic management before they could take full advantage.

117. The Committee noted that the Compact envisaged three generic categories of countries: enhanced partnership, limited partnership and post conflict cases with modalities of assistance tailored for each category. In the case of enhanced partnerships were countries that met the criteria for governance, economic performance, commitment to poverty reduction, and had in place effective public finance management systems. Such countries could benefit from the resulting increase in ODA flows, which should be largely channeled through direct budgetary support in line with medium term expenditure frameworks towards agreed poverty reduction interventions. The limited partnerships countries would be those that were unable to immediately make full and effective use of ODA flows and would therefore receive limited assistance. Assistance would focus on key strategic areas targeting the poor while being supported and encouraged to improve governance, strengthen economic management and undertake policy reforms so that these countries can graduate to the enhanced partnership category. Post conflict countries have distinct problems that require different interventions including state reconstruction and institution building, supporting demilitarization, and reconstructing communities to meet special needs.

118. The Committee noted that the main goal of DFID was to reduce poverty and that the organization was working with all other like minded donors to attain this objective. DFID has reoriented its operational strategy, placing the country development programmes as the unit of operation and not just a project. PRSP was becoming central to the DFID strategy of supporting holistic African-led development strategies and processes that permitted the full participation of all including the poor. In order to make a difference, it was important for donors to support the whole process. In this regard, a unified and coordinated donor approach was required to rally all donors to the common goal of poverty reduction since this would reduce transaction costs of dealing with each donor individually. There was a move away from conditionalities of the past that forced governments to shift their attention away from the poor to donors. Where there was well developed PRSP and a commitment for the government to implement it, there would be no need for conditionalities and donors would be ready to provide long-term development support.

119. The Committee noted that in Rwanda, DFID had developed a Memorandum of Understanding (MOU) with the government with mutual understanding to implement the country's vision 2020. Both parties had identified independent monitors to evaluate progress on agreed criteria and noted that if the government remained on track, DFID was ready to continue supporting

the country's development efforts. As a result, Rwanda and this had helped to establish an effective dialogue with other agencies particularly the International Monetary Fund (IMF). Rwanda provided a good example of the new relationship between donors and government and could be emulated by other African countries. In Uganda, DFID was again working with the government to support the overall poverty reduction plan and the country was already receiving substantial financial assistance in terms of budget support. The key factor was that Uganda had demonstrated its ability to effectively implement its programmes. In cases where such understanding was not yet possible, DFID was helping to fund sector-wide programmes and not specific projects.

120. The Committee observed that DFID was moving towards providing all its assistance as budget support in countries where effective systems had been put in place because this was a more effective approach to implementing a comprehensive poverty reduction programme. Governance and, in particular, accountability were key determining factors for economic performance and were thus a basis for DFID support. Also effective financial systems were another priority factor in providing support because from both donor as well as development perspective, they were critical in ensuring that money was being used for what it was intended. Above all, the level of political commitment was critical in determining how deep DFID support for budgetary finance would be.

121. The Committee stressed that the Compact provided an opportunity for a mutual approach to addressing Africa's development problems and called on African countries to take the lead to shape and influence the process.

122. The Committee observed that past relationships with donors had mixed results, and at times were actually inimical to Africa's development efforts particularly by undermining the effectiveness and capacity of the state. In addressing Africa's development challenges, more than ODA flows was required and in this respect the strategic actions in the Compact such as good governance, maintenance of peace and security, expansion of the trading opportunities and implementing effective ICT strategies were important.

123. Participants raised a number of issues concerning the Compact. For example, how would countries be classified into the three categories? How would the eligibility for donor support be ascertained and what type of support is envisaged in the Compact? In particular, participants sought to know the criteria to be used and their objectivity. The question of ownership was also raised. Some participants felt that the PRSP process, which was seen as the main vehicle for government/donor partnership in poverty reduction, was not initiated by Africans but by the Breton Woods Institutions. Also, it was felt that the idea that countries must commit themselves to some agreed development process implied elements of conditionality and thus did not portray common interest nor the principle of partnership among equals. Another participant argued that the principle of diversity should also emphasize commonalities and make distinctions that helped countries. For example, in the case of public financial management, there were countries that were more prepared than others to undertake financial reforms, so the idea should be to help those countries that were not able. Also, other participants noted that agriculture and rural development and in particular food security was at the core of a holistic poverty reduction strategy and thus should be included as one of the strategic areas of the Compact.

124. The Executive Secretary of ECA gave a comprehensive response to most of the concerns raised. He emphasized that the challenge was for Africa to articulate its own vision of its partnership with its international partners. It was thus critical to change fundamentally the way African governments were doing business with their development partners and this needed to be seen as an ongoing dialogue. On ownership, he clarified that the Compact was an African-driven agenda and vision taking into account country conditions and based on mutual respect.

125. The Executive Secretary stressed that the Compact was not calling for the classification of countries into water-tight compartments. Instead, classification of countries would be a reflection of their own historical, political and other circumstances that made them either more or less able to design and implement effective poverty reduction strategies. Such diversity was more of a continuum than a compartmentalization of countries. It was in that respect that different countries needed different types of assistance. The key was that countries willing and committed to address their own constraints in putting in place effective poverty reduction programmes would self-select themselves into the enhanced partnership and seek the type of assistance specific to their needs. The Executive Secretary further explained that ECA had been developing objective criteria that could be used to determine performance of various countries in terms of governance, economic performance, policy stance and sustainability but he noted that the challenge was in the way politics and leaderships interfaced with these technical analyses.

126. The Committee noted that while the PRSP was operational tool introduced by the Bretton Woods Institutions, the PRSP process had been endorsed by African Heads of States. However, through the ECA-sponsored PRSP Learning Group member States can articulate the African perspective on the PRSP process and help shape this process to be consistent for the needs of the continent.

- Wrap-up

127. The wrap-up session was made up of a panel comprised of three staff of the ECA secretariat. The session was moderated by Mr. K.Y. Amoako, Executive Secretary of ECA.

128. Discussions in this session were preceded by a summary of the key issues that were highlighted in the debate on the theme of the Conference. Thereafter, the Executive Secretary underlined the importance of the session. He noted that the session provided an important opportunity for participants to share their perspectives on various aspects of the proposed Compact for African Recovery. Participants were specifically requested to reflect on such key issues as the strategic national actions they would wish to see incorporated in the proposed Compact; the strategic actions required of Africa's international development partners; the substantive transformations sought in a new partnership framework ; modalities to give practical effect to the guiding principles of the Compact and strengthen the linkages between the MAP and the Compact. The Executive Secretary noted that discussion of these issues would help advance African ownership of the vision of the continent's development, facilitate appreciation by all stakeholders of the implications and the mutuality of commitments implied under the proposed partnership in order to rally international support for the Compact.

129. The Executive Secretary noted that past initiatives drawn up at the regional level were not successful because they failed to take into account the issues of African ownership and had lacked specific modalities for country level implementation, and therefore became difficult to implement at the country level. Importantly, he stressed that the Compact was different from previous initiatives in that it placed emphasis on ownership and took into account the national vision of development in the conceptualization and formulation of a continental programme. He also stressed that the national actions proposed in the Compact represents fundamental actions that most national governments would need to undertake in the first place. Above all, the Executive Secretary noted that the revision of the Compact document would benefit significantly from the exchange of views on these issues.

130. The Committee observed that the Compact did not adequately address certain fundamental issues that were critical in Africa's quest to achieve sustainable development and poverty reduction.

The issues outlined can broadly be categorized as follows: Africa's trade in primary commodities; food security; capacity-building in such areas as agricultural research, environmental science and technology; regional integration and the role of regional economic communities in the implementation of the Compact; and the debt issue.

131. On the issue of Africa's trade in primary commodities, it was observed that a detailed discussion on the subject was imperative because many countries in Africa depended on primary commodities for over 80 per cent of their export income. This heavy reliance on primary commodities has had adverse effects on most African economies. In this connection, the operation of the Common Fund for Commodities could contribute to the improvement of the competitiveness of African commodity exports was noted.

132. The Committee observed that the issue of regional cooperation and integration was not comprehensively dealt with in the Compact, as it was approached purely from the perspective of improving infrastructural development. As such, it was suggested that the revised version of the document needed to take into account the other elements of regional integration such as the issue of water, transport, communication, trade and harmonization of laws.

133. In addressing some of the concerns raised by participants, the Executive Secretary noted that the priority areas of focus in the Compact were selected because of their cross-cutting nature as pressing issues of survival for Africa. While acknowledging that there were other priority issues as well as variations in priorities across nations and subregions, he observed that the priority areas identified in the Compact constituted a sort of "minimum package" of issues which posed continent-wide constraints to Africa's development in the new century.

134. The Executive Secretary said that the Compact emphasized the linkage between agricultural productivity and poverty reduction. He informed the Committee about activities ECA had undertaken or was undertaking in order to promote policy reform aimed at encouraging agricultural development, as well as the advocacy actions set in motion by the Commission to boost the market access for African commodities in OECD markets, given the low prices for primary commodities. The Executive Secretary pointed out several factors that hampered the development of agriculture in Africa, including in particular, the maintenance of subsidies on agricultural commodities from OECD countries, the low level of agricultural investment, as well as environmental and climatic factors. In that connection, policy reforms should be introduced in order to promote economic diversification and reduced the dependency on primary commodities. Additionally, Africa could utilize modern technologies and processes to alleviate the effects of environmental degradation and climatic change on agricultural productivity.

135. With regard to regional integration, the Executive Secretary noted that the reforms undertaken over the past four years at ECA had led to the deployment of a significant amount of resources to the Subregional Development Centres (SRDCs) located in the five subregions of the continent, and strengthened their capacity to render services more effectively to the regional economic communities. He informed the meeting of a long standing issue over which he would be seeking the guidance of the Ministers, namely the issue of relocating SRDCs in the same location as the regional economic communities. He further noted that regional integration represented a prime candidate for regional and international partnership and underscored the need for specialization by Africa's development partners in support of regional integration in Africa. It was proposed, for example, that the World Bank could invest in regional infrastructural projects, while other donors gave priority to other regional public commons such as ICTs or education. The Executive Secretary informed the Committee that work was in progress on the full range of issues and would be reflected in the revised Compact.

136. The Executive Secretary noted that the Compact recognized the convergence between ECA's programme priorities and that of the regional economic communities, and assured participants that ECA would continue to provide backstopping to the work of the regional economic communities. He noted that these activities would accelerate development in the subregions as a step towards Africa's integration into the global economy. To underscore the importance ECA attaches to the issue of regional integration, the third African Development Forum in December 2001 would be on the theme of regional integration. It was noted that work was already in progress on the development of indicators to support regular assessment of the state of integration in Africa.

137. Among the many proposals made on the actions required of international development partners, a representative of the Jubilee 2000 movement noted that debt had become a major impediment to growth and development. He, therefore, underlined the need for the Compact to be more specific in the discussion of the debt issue. More importantly, he noted that urgent steps would need to be taken to operationalize the Compact's proposals on debt. He noted, for example, that there was need to distinguish between debt cancellation and debt relief, as well as among the various types of debt - bilateral, multilateral and commercial.

138. In addressing the issue of debt sustainability and repayment, some radical propositions were advanced by some participants. First, that the entire debt stock of low-income or HIPC countries be cancelled outright to free up resources for social and economic development; and second, that partial remission be considered for middle income countries. On commercial debts, it was suggested that remission of between 40 per cent and 50 per cent be considered under the Brady-type arrangements. It was noted, however, that the European Investment Bank was reluctant to provide similar guarantees provided by the United States Treasury on the debts of some Latin American countries in the late 1980s. The efforts of the UN Secretary-General in taking up the case of cancelling the debts of middle-income countries were welcomed in this regard. It was stressed that the moral justification for the intensified campaign for cancellation of the debts of middle income countries was much the same as for low-income countries because the circumstances in which the debts were contracted or thrust upon them were similar.

139. Other more general issues addressed by the Committee included the implementation and coordination arrangements envisaged for the Compact. In this regard, several proposals were put across by the Committee. First, it was emphasized that the Compact should focus on a few implementable goals or priorities in order to achieve maximum impact for the benefit of Africa. Second, that a subregional approach be adopted in the implementation of the Compact's proposals because of the differences in development priorities from one region to another; and third, that it was imperative for Africa to adopt a common position and speak with one voice in the proposed new partnership with international development partners. In this context, the Committee welcomed proposals and modalities for strengthening the linkages among various African initiatives to achieve a unity of purpose.

140. The representative of Senegal took the opportunity to inform the meeting that the Omega Plan was in the process of being finalized and would be circulated to member States in due course. He noted that the Plan was similar to MAP in several ways, and expressed the readiness of Senegal to coordinate closely in the implementation of the initiatives.

141. In his closing remarks at the end of the session, the Chairman of the meeting noted that implementation of the Compact would ultimately take place at the country level. He reminded the Committee of the remarks made by President Mbeki of South Africa on the need to give special attention to the needs of the Least Developed Countries of Africa in the implementation of the

Compact. He stressed that such an approach would be both equitable and consistent with the priority that the international community already accorded this group of countries.

Statutory Issues (Agenda Item 5)

142. Under this agenda item, the Committee was informed of the conclusions of the meetings of the following subsidiary organs held since the last session of the Commission in May 1999: the Intergovernmental Committees of Experts of the Subregional Development Centres (SRDCs); the Ministerial Follow-up Committee of the ECA Conference of African Ministers responsible for economic and social Development and Planning; the Conference of African Ministers of Finance; the Committee on Development Information; the Committee on Human Development and Civil Society; the Committee on Natural Resources and Science and Technology; the sixth Regional Conference on Women; and the Conference of African Ministers of Industry.

143. The Committee noted with satisfaction the reports on the meetings of the Intergovernmental Committees of Experts and the work of the five SRDCs. The Committee endorsed the strong support expressed at those recent meetings for further strengthening SRDCs to enable them serve their respective subregions more effectively.

144. The Committee noted with appreciation the enhanced role of SRDCs in supporting subregional activities. The Committee underlined the relevance of the technical assistance programme and activities of SRDCs. It particularly noted that the objectives of these activities aimed to promote the harmonization of national policies in various sectors in support of the integration effort at the subregional level; facilitate the adoption and implementation of programmes for integration of national economies; and provide support to member States in their effort to foster growth and development.

145. The Committee took note of the reports of SRDCs on selected major activities being undertaken in their respective subregions. The Committee noted the report of **the West Africa Subregional Development Centre (SRDC-WA)** on two sets of activities of particular importance, namely, technical support to ECOWAS and other IGOs in the implementation of their integration programmes, and post-conflict reconstruction and development. The Committee noted that the context in which programme implementation currently takes place involves five preoccupations namely: areas of emphasis in the work of SRDC-WA, which were strengthening the human and material capacity of the Centre; a robust outreach programme to bring the Centre closer to member States and their IGOs; re-orientation of the Intergovernmental Committee of Experts towards establishing a more expansive and substantive relationship with the Centre, the promotion of subregional integration as the point of reference for programmed and non-programmed activities; and emphasis on operational activities that relate to the needs of the West African countries.

146. The Committee was briefed on the Centre's collaboration with ECOWAS in two major areas: assistance in the implementation of monetary integration programmes and capacity building for gender and women-in-development. The Committee was also informed of the Centre's collaboration with the Monetary Union of West African States (UEMOA), the Permanent Inter-State Committee for Drought Control in the Sahel (CILSS), the West African Health Organization and the Water Resources Management Organization.

147. The Committee noted with satisfaction the Centre's efforts in launching the Mano River Union (MRU) Basin initiative to address the subregional dimensions of post-conflict reconstruction and development in Guinea, Liberia and Sierra Leone. The objective of the MRU peace-building initiative is to encourage and support these countries to undertake joint economic and development

projects targeted at consolidating peace and preventing future conflicts. A two-phased approach to programme development has been adopted. This included a fast-track phase that involved the preparation of priority projects and a second phase that will entail the design of medium-term projects. It was anticipated that a fully developed programme will be ready by the end of the year and would be submitted to an MRU donor conference in early 2002. The Committee noted the range of other activities being implemented as presented in the reports of the Intergovernmental Committee of Experts meetings of 2000 and 2001.

148. The Committee stressed the need to urgently conclude outstanding project proposals for the MRU programmes. It was clarified that the Fouta Djallon project had not yet been transferred from OAU to ECOWAS, as was reported. However, agreement on this was reached in principle at the last OAU Council of Ministers meeting in the Libya Arab Jamahiriya, subject to the completion of the process that was agreed.

149. The Committee noted the main highlights of the work of the **Subregional Development Centre for Central Africa (SRDC-CA)**. These included: regional integration, physical and electronic connectivity, and the revitalization of the Mineral Resources Development Centre. It was noted that progress in the consolidation of the subregional communities was difficult because of the interruption experienced in the function of the Economic Community of Central African States (ECCAS). The meeting of Heads of State and Government that took place in Libreville in 1998 gave the task of revitalizing ECCAS to SRDC-CA. A multisectoral project had been elaborated and submitted for financing by the UNDP.

150. It was noted that transport and communication infrastructure constituted a major handicap in the integration process of the subregion. There are current initiatives to link up Gabon and Cameroon with tarred roads financed by the European Union. The SRDC-CA will organize a resource mobilization effort in the 2002-2003 biennium for the development of infrastructure. This will facilitate the integration process of the subregion.

151. The Intergovernmental Committee of Experts meeting held in N'Djamena in April 2000 requested SRDC-CA to develop a pilot project on information geared towards promoting e-commerce in the subregion. This was based on the recognition that inter-African trade in the subregion was very limited because countries had little knowledge of the main products in neighboring countries. The Centre was in the process of mobilizing the necessary resources to implement this project. Efforts are also being made to revitalize the Mineral Resource Development Centre and SRDC-CA was requested by the Intergovernmental Committee of Experts to collaborate with ECCAS and the governments of Chad, Congo and Gabon in this endeavour.

152. The Committee was informed that a proposal for the completion of a study on road networks of the subregion would be considered by UNDP and the response would be offered in the near future.

153. The Committee took note of the activities and achievements of the **Subregional Development Centre for Eastern Africa (SRDC-EA)**. Two reports on the economic and social conditions in Eastern Africa and one on monetary policies of the subregion were prepared. The Centre also contributed to discussions of country assistance strategies, poverty reduction programmes and the World Bank post-conflict agenda for Africa. SRDC-EA undertook studies on food security, environment and population policies, various environmental management activities including the control of water hyacinth and the impact of urbanization. The Centre organized a capacity building subregional workshop on the linkages between population, environment and agriculture.

154. The Committee noted that the Centre contributed to the development of Rwanda's ICT policy; prepared studies on the impact of non-physical barriers to the integration and improvement of transport services and; organized a subregional workshop on transportation facilitation on the Northern Corridor. It also contributed to the discussions on the Great Lakes Railways project related to the subregional multi-modal link to South African ports and provided inputs to the feasibility study. It also held discussions on ways and means of promoting the COMESA Free Trade Area on the basis of studies carried out earlier on an equalization Fund and self-financing mechanisms. Other activities undertaken by the Centre were in the areas of development management and gender and women's advancement.

155. The Centre undertook various activities in the area of interagency cooperation including SRDC-EA, World Bank/OECD/CGA initiatives on relaunching regional economic cooperation and the Common Country Assessment/United Nations Development Assistance Framework (CCA/UNDAF) process. The Centre is reaching out to member States to carry out needs assessment and define programmes in the various strategic directions of the Commission.

156. The Committee took note of the fact that the **Subregional Development Centre for Southern Africa (SRDC-SA)** had been working closely with COMESA, the Southern African Development Community (SADC) and the Indian Ocean Commission (IOC) and their member States. It has provided technical assistance to SADC and COMESA in the area of institutional reform, including defining organizational structures, staffing profiles and staff training. It undertook capacity building in the area of small-scale mining for SADC. Further technical assistance to member States was provided in ICT and transport fields. A forum for networking and policy dialogue was held in the areas of HIV/AIDS, informal sector development, business-private sector partnerships, and gender. There is a proposal to establish a regional website to link national websites for information sharing on national actions in these areas.

157. Other activities of the Centre focused on the overarching concern for countries in the subregion namely poverty reduction. A pilot project for the development of the informal sector in Zambia has been supported over the last four years. The Committee recognized that this project had registered positive results and there was interest to expand it to other countries. As a follow-up to ADF 1999, a subregional workshop held in Windhoek in 2000 discussed the development of policies, strategies of NICI programmes and the expanded use of ICTs in the subregion.

158. The Centre assisted some countries of the subregion in translating the transport and communications protocols of both SADC and COMESA into national policies. In spite of the existence of investment promotion agencies, the Committee was informed that the success and performance of these agencies were being constrained by limited capacity. In this regard, SRDC-SA, in collaboration with UNDP and the World Bank's Multilateral Investment Guarantee Agency (MIGA) Africa Project, organized a private-public partnership workshop for chief Executives of the national investment agencies in the subregion to share experiences and identify areas of common concern. In the area of gender, the Centre undertook activities in empowering women in business in the use of ICTs. Future activities of the Centre will focus on deepening interactions with the two regional economic communities and forging effective partnership with UNDP country offices in the subregion.

159. The Committee noted that the **Subregional Development Centre for North Africa (SRDC-NA)**, focused on the provision of effective contribution to the subregional integration process; increasing cooperation between North Africa and sub-Saharan Africa countries; and furthering

opportunities for interaction between North Africa and other regions, especially the European Union.

160. A high-level cooperation meeting between the ECA, UNDP and the Arab Maghreb Union (UMA) was held in 2000 in Rabat, Morocco, to determine the modalities for strengthening UMA. An investment forum for North Africa was planned at the request of member States to enable large private sector operators meet with foreign investors, government and non-governmental authorities to discuss the promotion of investments. As a follow-up to the forum, a steering committee has been set up with representatives of all member States with SRDC-NA as the secretariat to undertake a study on the long-term perspectives of investments.

161. The Committee noted that for 2001, activities to be undertaken included assisting in the reform of banking and financial systems in the subregion. For 2002-2003, the Centre will organize a meeting to look into financial markets in North Africa. Other issues of concern in the subregion include environmental degradation, especially desertification; food security; and sustainable development. Gender is a cross-cutting issue. Preceding ADF 2000, the Centre organized a meeting in collaboration with the African Centre for Applied Research and Training in Social Development (ACARTSOD) to prepare a subregional stand on the issue of HIV/AIDS. As a post-forum activity, it is envisaged that the Centre will organize a training of trainers on the prevention of HIV/AIDS.

162. The Committee took note of the conclusions of the meetings of the other subsidiary organs that had met since the last session of the Commission in May 1999.

163. The Committee observed that the implementation of the Commission's restructuring and policy orientation exercise adopted in 1997 should be evaluated by its policy organ. Accordingly, a report on that matter should be presented at the next session of the ECA Conference of Ministers.

164. The Executive Secretary drew the attention of the Committee to the proposal made at the second meeting of the Ministerial Follow-up Committee held in Abuja, Nigeria, in May 2000, to co-locate the headquarters with those of the major regional economic communities in their respective subregions. The Committee had requested that consultations in this regard be undertaken. He explained that the proposal concerned mainly the Subregional Development Centres for West Africa and Central Africa, currently based in Niamey, the Niger and Yaounde, Cameroon respectively.

165. A representative expressed the view that the decision on the issue should be taken up at the level of Ministers, and if necessary at the level of the Heads of State or Government of the subregions concerned. The Executive Secretary would bring this matter before the Ministers for their consideration.

Proposed Programme of Work and Priority for the Biennium 2002-2003 (Agenda Item 6)

166. Under this agenda item, the Committee considered the document entitled "Proposed Programme of Work and Priorities for the Biennium 2002-2003" E/ECA/CM.25/5. This document presents the programme of work and priorities for the Economic Commission for Africa. It details the activities that will be undertaken by the Commission in support of the development efforts of countries in the region during the period. The programme outlines the main objectives that ECA intends to accomplish during the period and the strategy for accomplishing the tasks, and identifies the key development challenges facing the region which it is designed to address.

167. The Committee noted that the main objectives of the programme were to support economic recovery, growth and development in Africa, contribute to poverty reduction, and help the countries cope with the challenges of globalization. The Committee also noted that the overall strategy for the implementation of the programme is built around eight mutually complementary subprogrammes, which encompass the key priorities in Africa's development. These subprogrammes are:

- Facilitating economic and social policy analysis: the objective of this subprogramme is to strengthen the capacity of member States to design and implement appropriate economic and social policies and strategies in order that they may achieve sustained economic growth, and to strengthen their capacity to adopt and implement measures aimed at reducing poverty in their countries.
- Promoting trade and mobilizing finance for development: the objective of this subprogramme is to formulate and implement strategies for dealing with economic globalization, develop policies and strategies to improve competitiveness and attract investments for private sector development, and strengthen the negotiating position of African countries within the World Trade Organization (WTO) as well as their capacity for debt management and interregional trade.
- Enhancing food security and sustainable development: the objective of the subprogramme is to strengthen the capacity of member States to design institutional arrangements and implement national policies and programmes that reinforce the linkages within the nexus of food security, population, environment and human settlements in order to achieve sustainable development.
- Strengthening development management: the objective of this subprogramme is to strengthen the capacity of the public sector for effective management and that of civil society organizations (CSOs) to participate in the development and governance process.
- Harnessing information for development: the overall objective of this subprogramme is to strengthen national capacities for utilization of information for socio-economic development, with special emphasis on information and communication technologies (ICTs) and on the development and use of statistical, bibliographic, referral and spatial databases as support tools for socio-economic development.
- Promoting regional cooperation and integration: the objective of the subprogramme is to promote regional cooperation and integration in Africa, focusing mainly on infrastructure development and related services in transport and communications, as well as mineral, energy and water resources. The Committee took note of the decision made by ECA in regard to the publication on an annual basis of a report on regional integration in Africa which will assess the progress made, obstacles and perspectives.
- Promoting the advancement of women: the objective of the subprogramme is to mainstream gender perspectives into the policies and programmes of member States and to promote the empowerment of women in the political, economic and social spheres.
- Supporting subregional activities for development: the subprogramme sets out to promote the harmonization of national policies in various sectors in support of the integration effort at the subregional level; to facilitate the adoption and implementation of

programmes for integration of national economies; and to provide support to the member States in their effort to foster growth and development.

168. The Committee noted that the programme contains a number of new salient features, which reflect the efforts to further deepen the Commission's impact. It is in this context that the new division concerned with trade promotion and the mobilization of funds for development has been created. The Committee further noted with satisfaction the Commission's desire to strengthen the linkages among the subprogrammes and between the divisions at ECA headquarters and the Subregional Development Centres (SRDCs); enhanced strategic focus leading to reduction of the number of outputs, promoting closer collaboration between ECA and the regional economic communities through the work of SRDCs; and enhancing partnerships between ECA and other bilateral and multilateral development agencies.

169. The Committee took note of the range of modalities that ECA would deploy in the implementation of the programme, namely: policy analysis and advocacy; technical assistance and training with a view to building the capacities of member States; bringing together stakeholders in order to reach a consensus on questions of development; networking with African research persons in order to enhance information sharing and exchanges of experiences; and strengthening collaboration between United Nations agencies and the international donors to boost development in Africa.

170. The Committee noted that the modalities for implementation vary from one subprogramme to another. Indeed, each subprogramme has its own objectives, strategies and indicators of achievement as well as outputs.

171. A participant observed that issues of the least developed countries and debt appeared not to have been given much prominence in the work programme. Another participant suggested that the linkage between the Compact MAP should be explicitly stated in the programme document. It was clarified that the issues of debt were subsumed under various activities relating to finance in subprogramme 2 on promoting trade and mobilizing finance for development. As regards the LDCs, it was explained that given that majority of the member States of the Commission were LDCs, the main focus of ECA's work was on LDCs.

172. The Committee took note of the commitment made by the International Francophonie Organization to strengthen its cooperation with ECA in three main areas, namely trade promotion and the mobilization of funds for development, utilization of information for development, and the advancement of the status of women.

173. The Committee endorsed the proposed programme of work.

Presentation of the UNDP's second Regional Co-operation Framework (Agenda Item 7)

174. The Committee had before it document (E/ECA/CM.25/CRP.1) entitled "Position Paper on the UNDP second Regional Cooperation Framework (2002-2006: RCFII)". Discussion on this item was led by a representative of the UNDP Regional Bureau for Africa, who presented the document. The representative outlined the main features of UNDP programmes at the country, regional and global levels, and the steps followed in articulating the Regional Cooperation Framework (RCF). The Committee noted that RCF2 represented the rationale and platform for coordination, partnership and resource mobilization between UNDP and African countries for the next five years.

175. The Committee also noted that wide consultations are being undertaken, as part of the preparation of RCF2 and that the final version would be submitted for approval by the UNDP Executive Board in January 2002. The objectives of RCFII are to make globalization work for Africa; prevent conflict, build peace and manage disasters; reduce the threat and impact of HIV/AIDS; and strengthen democratic and participatory governance. The cross-cutting issues included gender equity and balance; environmental protection and regeneration; and regional integration. The Framework will seek to support the achievements of the targets of the Millennium Declaration in the African context, support the region's entry into the mainstream of world development, and reinforce UNDP's mandate for sustainable human development.

176. The Committee observed that the Framework should take into account the priorities of the Compact and MAP. The debt issue also deserved more prominent treatment in RCFII, as it was of great importance to African countries. It was noted that UNDP's support for the OAU Conflict Management Mechanisms was very important and should be continued.

177. The Committee took note of the report.

Any other business (agenda item 8)

178. No issue was raised under this item.

Adoption of the Report and Closure of the Meeting (agenda item 9)

179. On 7 May 2001, the Committee adopted the present report.

180. In his closing remarks, the Executive Secretary of ECA expressed his deep appreciation and gratitude to the Government of the People's Democratic Republic of Algeria for hosting the meeting. He indicated that there would be a further opportunity to thank the Government for the splendid arrangements made to host the Conference. He expressed gratitude to the Chairman of TEPCOW for the able manner in which he had conducted the meetings. He also expressed his appreciation to the participants for the enthusiasm and dedication they had demonstrated throughout the deliberations.

181. The Executive Secretary recalled that it was only in November 2000 that ECA was given the mandate to articulate the Compact for African Recovery. ECA had worked hard on that assignment and submitted the Compact to the Joint Conference as directed by the Conference of African Ministers of Finance during their meeting last November. He was particularly delighted by the quality of discussion and was convinced that the recommendations of TEPCOW would prove useful for the deliberations of the Ministers that would begin the following day. Finally, he expressed his appreciation to ECA staff for the devotion and team spirit with which they had supported the Conference.

182. The Chairman of TEPCOW commended the Executive Secretary and his staff for a job well done and expressed his appreciation to the participants for the support they had given him as well as the commitment they had demonstrated throughout the discussions.

183. He then declared the meeting closed.