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"A renewed global partnership for a post-2015 era"

Statement

by

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His Excellency Mr. Sufian Ahmed, Minister of Finance and Economic

Development of Ethiopia,

Mr. Nestor Osorio, President of the Economic and Social Council,

Mr. Wu Hongbo, USG for Department of Economic and Social Affairs,

Mr. Gyan Acharya, USG, High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

Distinguished participants,

Ladies and gentlemen

Allow me to first thank and commend the Government of Ethiopia for hosting this important High Level Symposium to discuss the future and features of a renewed global partnership for a post 2015 era. ECA is pleased to be associated with this event and I wish to extend to you all a warm welcome to our premises.

This event is occurring in a context of renewed optimism about Africa's development prospects. The discourse has shifted from Africa as a hopeless continent to Africa as and as a vibrant frontier market and an emerging pole of growth. On the economic front the continent's unprecedented growth over the past decade has been remarkably resilient to the global economic crisis. Between 2000 and 2009, eleven African countries grew at an annual rate of 7 percent or more, which is considered sufficient to double their economies in ten years. Africa's collective GDP at over US$2 trillion today is roughly equal to Brazil's or Russia's, and larger than India's.

Despite the sovereign debt crisis in Europe and the subdued growth in North America and Japan, and a slow down in BRICS, Africa's medium-term growth prospects remain strong and social and political indicators have also improved. The continent has experienced significant achievements in primary enrolment, gender parity in education. The prevalence and incidence rates of HIV/AIDS have declined, and maternal deaths have dropped significantly. But despite the continent's economic performance, unemployment remains high particularly among the youth, almost a third of children enrolled in primary schools will not

complete a full course of study, the gains in HIV/AIDS and malaria have been driven by access to vertical funds, the continent still has the highest maternal and child deaths, nearly half the population is considered poor and Africa MDG progress is below par.

There is no doubt that global partnerships can provide the impetus for tackling the key socio-economic development challenges facing Africa. If I take the example of India, from being one of the world's largest recipient of foreign aid in mid-1980s, India has become a net donor with foreign aid constituting less than 0.3% of its national GDP today. It is now a member of the G20 and of the BRICS. The development performance of that country of 1.2 billion people is one of the most spectacular of the past 50 years. The country led an agricultural revolution transforming it into a net exporter of food, doubling its life expectancy, and halving its poverty rate.

Global partnerships can work for Africa if they are aligned with the strategic vision of the continent and buttressed by a unified continental voice. In contrast, the partnerships that underpinned the MDG framework did not go far enough to address some of the daunting challenges facing African countries. The imminent end of the MDG era thus provides an opportunity to revisit and reframe global partnerships, the MDG 8, in a way that is mutually beneficial and sustainable. It is in this context that I find the theme of this meeting both relevant and timely.

Notwithstanding the significant increase in the volume of aid recorded between 2000 and 2010, DAC donors are still 0.39 percentage points below their commitment to provide 0.7 percent of their GNI in the form of aid to developing countries.

The situation is no better for Least Developed Countries (LDCs), Landlocked Developing Countries (LLDCs) and Small Island Developing States (SIDS) which are unfortunately still highly aid dependent. ODA to LDCs fell to 0.10 per cent of

donors' GNI in 2011, down from the record 0.11 per cent posted in 2010. This is below the donor commitment of 0.15-0.20 percent of GNI. ODA is currently trending downward due in part to the Eurozone's sovereign debt crisis. This situation is projected to continue well into 2016. This phenomenon is occurring at precisely the time when resources are needed to ramp up efforts towards achieving the MDGs by 2015. The timing of the decline in ODA could not have come at a worse moment.

Beyond quantitative ODA targets, the development impact of ODA hinges on the quality of aid. Progress in untying aid, reducing its volatility and unpredictability has been sluggish and uneven. Invariably, these practices increase the cost of aid and raise legitimate questions about the extent to which ODA is indeed concessional.

These trends represent a failure in the "mutual accountability" that underlines the global partnership for development envisaged in the MDGs and in the Development Effectiveness agenda.

Global trade patterns are also not very encouraging. At the dawn of the adoption of the next set of global development goals, Africa's contribution to global trade remains marginal, around 3 per cent, and largely unchanged since 2000. And Africa's trade is still dominated by primary commodities.

Efforts to increase the continent's share of global trade through Aid for Trade and preferential market access initiatives have yielded mixed results. Aid for Trade commitments and disbursements to Africa have increased in recent years, but disbursements have always fallen short of commitments.

Furthermore, the proportion of developed country imports from Africa (admitted duty-free) has generally stagnated. These trends are unfortunate since trade

represents an important mechanism for promoting enduring economic growth and employment in developing countries.

Ladies and gentlemen,

The mixed results recorded with the MDG8 on the one hand, and Africa's ambition of fostering sustainable transformative growth on the other hand, warrant that we think global partnership anew.

That being said, we need to remain mindful of the heterogeneity of African countries. The least developed countries (LDCs), the landlocked developing countries (LLDCs) and the small island developing states (SIDS) constitute groups of countries with specific characteristics. For instance, access to world markets is a major concern for LDCs in general while insular and landlocked countries tend to be particularly vulnerable to climate change.

The Millennium Declaration acknowledged the special needs of these groups of countries. Such special and specific attention must be reflected into the next global partnership framework which should do even better in terms of financing options for the most vulnerable countries.

What could be some desirable features for a new global partnership framework? Global partnerships remain fundamental for addressing global concerns such as climate change, conflict and insecurity, financial instability, illicit capital flow, or health threats.

But Global partnership must be fruitful and mutually beneficial. For Africa this requires that partnerships are focused on addressing the developmental priorities of the continent. And while these priorities are country-specific, there are two areas that are common to most African countries: structural

transformation and; the development of the requisite capacities to leverage and sustain the transformation agenda.

Global partnerships and financing should ultimately aim to promote autonomy and self-determination of African states including through support for skills and technological development as well as industrialization.

A new global partnership must avoid, the donor-recipient logic underpinning several MDG 8 which has reinforced the aid dependency of many developing countries, especially in Africa. Partnerships must promote fair trade, foreign direct investment and forge cooperation with the indigenous private sector.

In parallel, African countries must assume greater ownership of their development agenda. This will require that countries undertake an honest and critical assessment of their domestic resource potential and develop resource mobilization strategies aimed at realizing that potential.

Domestic resource mobilization is not only about fund-raising, it is also about restoring the accountability of the State to its people. It is a about correcting the inverted accountability of the State to development partners that has undermined the legitimacy and credibility of the State.

Mutual accountability, mechanisms of enforcement, mechanisms that foster compliance of multinational firms to international norms and standards should be indispensable features for the future global partnership framework.

Accountability will require sound Monitoring and Evaluation frameworks, and first and foremost, a good base-line data starting in 2015. Hence, official statistical systems and additional information systems need special attention and support right now.

The new framework must take into consideration the initial conditions of each country. This is important since performance should be appreciated in light of the road traveled, relative to the point of departure. We cannot repeat the methodological mistake of increasing every country's progress towards a universal goal as if they were all in the same departing line.

Distinguished Guests,

Lastly a quick word on the stakeholders for the new global partnership framework.
The future global partnership will have to include new sets of actors. The list of external actors should be complemented with local stakeholders including the private sector, parliamentarians, civil society, private foundations, women and the youth.

In particular, the voices of the youth must be heard in the youngest continent. In this regard, the following quote by a young woman is poignant: "how can my grandparents, from the analog era be deciding my future, when I am from the digital era".

We should not give up on the principle of common but differentiated responsibilities particularly with respect to climate change. Governments in high-income countries must serve as role models by adopting low-carbon technologies, and sustainable consumption and production patterns. They should also support a fairer international trading system and improve coordination for a better financial system.
Developing countries must put resources to prudent use. But good governance is not the exclusive responsibility of poor countries. Rich countries should fight illicit capital flows and foster exemplary behaviors from their firms operating in developing countries.

Transfer pricing — the practice whereby multinational firms shift profits to lower tax jurisdictions — costs Africa more than annual ODA. No region has suffered more from tax evasion and plunder of national wealth through offshore-registered companies than Africa. These global problems demand multilateral solutions.

Ladies and Gentlemen

As we transition to the successor development agenda we must be united in our commitment to negotiate a global partnership and financing architecture that is respectful of the development priorities of Africa, promotes the mutual interests of developed and developing countries and credibly holds all sides accountable for their actions. Failure to do so will constitute a dereliction of our duty as leaders of our institutions, communities and countries.

I thank you for your kind attention.