

“Accelerating Development in Africa: the Power of Regionalism”

Distinguished Lecture at Addis Ababa University

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President Andreas,
Members of Faculty,
Students,
Ladies and Gentlemen,

Let me begin by thanking you for inviting me to make this lecture presentation today. I am most pleased to be back on the campus of Addis Ababa University two years after you kindly awarded me an honorary doctorate. I want to take this opportunity to thank you once again for that tribute.

On that heady graduation day in July 2003, I greatly enjoyed seeing the satisfaction on the faces of hundreds of proud students who were awarded their degrees.

Casting my mind back to my own graduation from the University of Ghana, Legon in the late 1960s, I knew just what bundle of emotions many of the graduates felt that day, including satisfaction, relief, joy and hope about the future.

As someone who has now joined the ranks of the “greybeards”, (or as you say in Amharic – Azahuntoch), I was also starkly aware of the fact that my generation was now passing the torch to a new generation.

That is as it should be. Your generation is the hope of Africa. The future is now - and you are it.

I was myself proud to be awarded an honorary doctorate at the same time as several prominent fellow Africans including Dr. Salim Ahmed Salim, Professor Wole Soyinka and Sheik Mohammed Alamoudi, on the occasion of Addis Ababa University's commemoration of the 40th anniversary of the Organization of African Unity (OAU).

That commemoration showed that this institution, a famous University in a city that is often referred to as the “capital of Africa”, remains committed to African Unity.

Professor Andreas, you will recall that in my brief statement that day, I spoke about the battle of liberation that the OAU waged during its lifetime, and I also emphasised that Africa is today engaged in another intense struggle - the struggle for liberation from poverty and disease.

Today I want to focus on this goal. I hope it will become clear as I do so, that the ideal of an integrated Africa is, perhaps, more important than it was 40 years ago.

To the amusement of you young people, we elders are fond of saying that things were so different in our day.

But believe me, they really were. If I had walked out of my University of Ghana graduation hall in 1968, gone to bed and slept until today, it would be like waking up on a different planet!

In my day, the key concerns on the continent were those related to the political independence of African states and ideas on how best to step up and sustain the moderately progressive growth of African economies.

Indeed, at the time development economists saw Africa as an area of imminent “take-off” and the nations of Asia,

meanwhile, were seen as major areas of concern for the development community.

The world of 2005 is totally different. Every corner of Africa has been liberated from colonial domination, and the interlinkages of globalisation have replaced the cold war. Both national independence of our individual countries and the new, more open world have clearly provided positive opportunities for Africa to advance.

But in the socio-economic realm, trends are much, much worse for Africa today than they were 40 years ago.

As many of you may know, the international community intends this year to assess progress towards the Millennium Development Goals, or MDGs.

And the spotlight is very much on Africa, because it is clear from present trends that Africa has fallen behind the rest of the world. In fact it is the only region which may not reach any of the goals on time.

The key MDG is to reduce by half the proportion of people living on less than one dollar a day and those who suffer from hunger by 2015.

Currently East Asia has met that target. South Asia is making impressive progress towards that goal. Latin America is also making some progress. But in sub-Saharan Africa, poverty is actually on the rise - from about 48% in 2000 when the MDGs were launched, to about 50% of our population now.

We also lag behind on most of the other main goals, including those relating to universal primary education, reducing child mortality, improving maternal health, and combating HIV/AIDS, malaria and other diseases. Increasingly, analysts suggest that by 2015 the world will have pulled even further ahead of Africa.

So, ladies and gentlemen, the issues faced by my generation, the African graduates of the late 1960s, and those faced by you, the first generation of the 21st century to come of age, are quite different.

Surprisingly, however, one of the best strategies for overcoming our challenges is still the same - the political and economic integration of our continent.

The historians among you might recall the inspirational statement of Dr. Kwame Nkrumah, one of the OAU's founding fathers at the launch of the organization in this very city in 1963:

He said, and I quote:

"Here is a challenge which destiny has thrown out to the leaders of Africa. It is for us to grasp that golden opportunity to prove that the genius of African people can surmount the separatist tendencies in sovereign nationhood by coming together speedily, for the sake of Africa's greater glory and infinite well being, into a Union of African States."

In my view, Kwame Nkrumah's call for Africa to unite is even more urgent today than it was when he made it. Why? Well, simply because, in the 21st century, regional integration is the only way to keep up with a globalising world.

Trends show that the rest of the world is not waiting for us. Our share of global exports is now about one third of what it was in 1980. When it comes to trade in the global economy, African countries may be running as fast as they can, but others are running much faster.

So, Africa's continued economic progress requires integration into the world economy. The lesson from Asia is that expanding markets across borders pushes national economies to diversify their products and facilitate enterprise and production.

If we can expand African markets, we will see the same boost in our economies. African businesspeople will have new opportunities. Costs will come down. The African consumer will have access to more goods that improve their lives. We must build for ourselves.

We will also learn valuable lessons - regional economic and social integration is a critical factor in the process of learning to operate globally.

But greater intra-African integration will also improve our lives at home. Whoever we are, we all stand to benefit from better telecommunications or from more and better-maintained transport links across the region.

In fact there are several global public goods badly needed in Africa that demand a regional approach. Let me mention just three of the most prominent.

Above all, we need a global and regional system that ensures and enforces peace and security. Many of the conflicts in the region since the 1960s have had major cross-border humanitarian and negative economic impacts, and so it is in the supreme interest of all African countries to find solutions.

Second, given our fight against the devastating diseases burdening our communities, we clearly need coordinated regional approaches to controlling the spread of communicable diseases. HIV/AIDS, malaria, and polio (as we recently saw in West Africa) are difficult to manage in one country alone, as long as mosquitoes and people cross borders.

And thirdly, with such a rich natural heritage in Africa, it is to our advantage to work collectively in the region and within the multilateral system to protect, preserve and exploit our common assets – our biodiversity, forests, and natural resources. Many of our water resource issues cross borders and urgently require new means of sharing and joint development. Without this, the chances of sustainable development in the region are slim. And failure on this front could trigger conflict in the future.

Students,

These are all issues that touch your daily lives affecting for example the price and availability of food, how cheaply you can telephone Nairobi or Monrovia, or how quickly you can fly to that World Cup football match between Ethiopia and Senegal in Dakar.

They also affect the quality of the air you breathe, whether your village is going to be more prone to drought and floods in years to come, and even your own health and life expectancy in the face of the threat of HIV/AIDS and other diseases.

Moreover, improved regional integration in the form of an integrated African economy will provide more jobs – a critical factor for you young people.

One of the most influential factors for economic growth and development is the age structure of the population and the quality of the labour force. A youthful and plentiful population offers many economic advantages in terms of its flexibility, opportunities for mass production and economies of scale and to provide a buffer for social security and pension systems.

However, Africa is the only continent where there are very few coherent policies for the development of youth, as an integral part of national and regional development, even though such a large share of our population is young. This topic is going to be the main focus of the forthcoming African Development Forum later this year.

The essence of what I have outlined so far is not new. Africa has been trying to integrate for many years. As residents of Addis Ababa, you have had a ringside seat in this process, as you are hosts to two major regional organizations - the African Union and the Economic Commission for Africa.

Many important decisions related to Africa's quest for integration have been made in this city. A quick review of the landscape shows that we have made a very good start in many areas.

The creation of ECA, the OAU, and now the AU as well as several other sister institutions, shows there has been

clear progress over the past 40 years towards establishing a regional architecture and framework at the political level.

The OAU Charter and the Constitutive Act establishing the African Union define regional integration as one of the foundation stones of African unity. And the Lagos Plan of Action and the Abuja Treaty elaborate the specific economic, political and institutional mechanisms for attaining this ideal.

So the right building blocks are in place. However, as the findings of ECA's report "Assessing Regional Integration in Africa" last year showed, the balance sheet of progress towards African integration presents a mixed picture.

On the plus side, our research found that Africa is making some progress. In peace and security, both ECOWAS and the Southern Africa Development Community (SADC) have made strides over the past decade. ECOWAS has invested much effort - most recently in Togo, but earlier in Liberia, Sierra Leone, Cote d'Ivoire and other countries - with good results, even where lasting solutions have not yet been found. SADC, meanwhile, has worked hard to find a durable peace for the DRC and elsewhere in the region.

In trade liberalization and facilitation, the West African Economic and Monetary Union (UEMOA) and the Common Market for Eastern and Southern Africa (COMESA) have also made significant progress.

On the free mobility of people, both ECOWAS and the East African Community (EAC) have introduced sub-regional passports to facilitate cross-border movement of community nationals.

Additionally, regional integration has brought marked improvements in the communication sector in some parts of the continent due, in part, to the global revolution in technology and the growing commercialization of telecommunication services.

Despite these and other advances, there remain substantial gaps between the goals and the achievements.

In the area of trade, for example, moves towards harmonized and integrated markets have been rather slow in most parts of the continent. Intra-community trade is very limited.

In the area of transport, despite efforts by regional economic communities to liberalize air transport and improve overall efficiency, costs in Africa are still extremely high. For example, shipping a car from Japan to Abidjan currently costs \$1,500 (including insurance). Shipping that same car from Addis Ababa to Abidjan would cost \$5,000.

We also find that throughout the continent, many road, air and rail networks are not connected. The standard of roads is also poor, with only 28 percent of the two million kilometres of roads in Africa currently tarred. Meanwhile, the railway network is minimal in many parts of the continent, particularly Western and Central Africa.

Additionally, the maritime transport and port sector, which accounts for about 95 percent of Africa's international trade, is still operating with sub-standard equipment.

The problems of poor infrastructure are compounded by the continued existence of numerous roadblocks on African highways, delays at border posts, long and inappropriate customs clearance and corrupt activities by officials.

For example, the journey from Lagos to Abidjan has a checkpoint every 14 km. In Cote d'Ivoire, to get a single lorry from one side of the country to the other typically adds \$400 to the journey in official payments and in bribes. And then there are cumbersome customs administration procedures. Sub-Saharan Africa suffers from the highest average customs delays in the world. For example Estonia and Lithuania require one day for customs clearance versus 30 days on average for Ethiopia.

On the production and use of public goods, apart from some success in the areas of peace and security, there is still a need for greater regional collaboration in combating crimes, confronting HIV/AIDS, developing ICT infrastructure and the harnessing of physical resources. To name just a few key areas.

So progress has not matched ambition. There have been some important gains, but it is clear that more can and must be done.

So what is at the top of the “to do” list?

First, concerning peace and security, the African Union must be given the resources to beef up its efforts as already mentioned. For example, the AU Peace Fund must be resourced to enable quick and effective action to prevent and resolve violent conflict.

Second, we must implement the AU/NEPAD Action Plan to tackle the poor infrastructure that is a barrier to accelerating growth and poverty reduction. That means scaled-up financing to quickly improve and expand roads and irrigation, and for larger projects for electric power, ports, a digital technology backbone and other regional infrastructure.

Third, steps must be taken to improve Africa’s capacity to trade. An enabling environment for the private sector must be created and we must bring down the barriers limiting commerce between countries and sub-regions. That means cutting red tape and tackling corruption. Providing automated systems and building up skills are also vital.

Action on the part of the developed world to allow greater market access for African goods is of course urgently needed, but we will struggle to take full advantage of such changes if we do not improve our competitiveness through these measures.

Fourth we need to step up economic growth across the region. That means investing in local agriculture to spur growth. African agricultural production continues to be targeted primarily at export or subsistence farming. But regional demand for food staples is projected to far outpace growth of export markets, doubling by 2015. Therefore, development of well-functioning local and regional markets should be a priority, including the development of micro-credit institutions, support to producer associations, and harmonisation of legal and administrative regimes. There also needs to be support for small and medium scale enterprises – the private sector is Africa’s primary engine of growth.

Many of these tasks have been listed before and the AU and Nepad framework take full account of these needs. The challenge now is to find the resources to fund the necessary action. Africa must do what it can, to find the resources from within. But in addition, the international community must join with us to meet the financing gap.

The report of the Commission for Africa, launched two weeks ago, here in Addis Ababa and in London, may be helpful here.

The Commission, on which I was honoured to serve alongside Prime Ministers Tony Blair, Meles Zenawi, President Mkapa and other African and international leaders, has made several recommendations aimed at spurring a big push for Africa.

The case is made for a major upscaling of investment to fund the upgrading of infrastructure, the capacity building and other projects that are so necessary. It is deeply to be hoped that those in the developed world with the power to support these goals, will do so.

So those are the goals we need to meet. Next let me turn to the issue of implementation.

Of course primary action needs to be taken at national level. But at the regional level, the key role rests with the African Union. It embodies the hopes and aspirations of our continent and its leadership will be critical as we advance.

The establishment of the AU Commission and its agreed priorities show that Africa’s leadership is fully committed to moving the regional integration process forward, effectively and efficiently. And the adoption of the New Partnership for Africa’s Development (NEPAD) provides an overall development framework for the continent that adopts regional integration as one of its core objectives.

Under the AU’s leadership, the other major regional institutions - the ECA, African Development Bank and the Regional Economic Communities have a complementary role to play.

It is important that the comparative advantage of each organization is maximized, and that they enhance their

collaboration in order to drive appropriate change at the regional level. Here's how I see the elements of the current regional architecture working in harmony.

ECA is now a well-established pan-African institution, which has played an influential role in providing thorough analyses of Africa's challenges, developing policy advice and convening key players in different sectors.

The ECA must work with the AU and African countries to identify the best policy options for the rationalizing and harmonizing of the Regional Economic Communities, or RECs, as the main institutional building blocks of regional integration.

I also believe that a strong ADB, working closely with the AU and ECA, is absolutely essential to the implementation of the African regional integration agenda. The Bank's current operations in regional integration are already larger than the World Bank's parallel work in Africa. However, it can do more and must do so in future. In short it must become nothing less than the premier financing institution in our region, and emphasize regional integration as a priority area for funding.

So these are the institutions that can help us reach our goals. But implementation also depends on another, overarching factor - Africa's shortage of highly skilled and effective human and institutional capacity.

Time and again, in every area the Commission for Africa investigated - whether governance, healthcare, education, or private sector development - we came up against the same problem. We will not achieve the integration of our continent without having the right people and skills to do it.

I personally am very excited by the opportunities to build human capital, especially when I look around this room and see the potential represented by those teaching and learning in this University. We need a plan and the resources to build our capacities in line with the tough goals we have set ourselves.

You know the problems better than I do. Many of Africa's higher education institutions are in a state of crisis. Universities lack physical infrastructure and services, such as Internet access, libraries, textbooks, equipment, laboratories and classroom space. For example, Senegal's Cheikh Anta Diop University, built for 13,000 students, now houses over 23,000.

Our universities also lack human resources, such as teachers, lecturers, and administrative and managerial systems. Unattractive employment conditions, the brain drain, and HIV and AIDS are depleting capacity and faculties are ageing. Yet demand for higher education is increasing. In 2000, Nigeria only had the capacity to accept 12 per cent of qualified candidates. Hit by these pressures and a lack of funding, the research capacity of Africa's institutes has declined.

To tackle this the Commission for Africa proposes support for a ten-year partnership programme led by the African Association of Universities (AAU), the South African Association of Vice Chancellors and the Association of Commonwealth Universities (ACU).

Entitled 'Renewing the Universities,' this programme has pan-African scope, involves key African and international stakeholders, and addresses the major challenges in Africa's higher education system.

Our report therefore calls on partners - starting this year - to provide US \$500 million per annum over ten years to revitalise Africa's institutions of higher education.

We also need specific action to strengthen science, engineering and technology capacity in Africa. Scientific skills and knowledge will enable countries to find their own solutions to their own problems, and bring about step-changes in areas from health, water supply, sanitation and energy to the new challenges of urbanization and climate change. They also are important for dealing with provision of key regional public goods.

We greatly need bold, regional approaches to help us close the gap between Africa and the rest of the world in areas of innovation. Currently, however, overall scientific capacity is limited and restricted to a few regions.

In 2000, over 60 percent of Africa's total expenditure on research was in South Africa and there are areas, such

as the greater Congo basin, where there is virtually no science being practised at all. The science gap between Africa and the rest of the world is widening.

We therefore have recommended that the international community should commit in 2005 to providing up to US \$3 billion over 10 years to develop up to 30 centres of excellence in the environmental, physical, medical and social sciences, including African institutes of technology.

I am sure there is role for many of you here tonight in making this vision a reality.

Ladies and gentlemen,

As we face the challenges ahead, I am encouraged by the boldness of President Konaré's leadership of the African Union, by the progress of so many of our other institutions, and by the increasing ability of our leaders to see the bigger picture and to work for larger solutions.

People of vision are required to move our regional agenda forward and to capture the imagination of new generations on what we can achieve if we work together as nations and peoples.

You young people are not bystanders. You have the advantage of fresh sight, you have the energy and the creativity to invent new solutions to social and poverty issues, you can do well and do good in your lives, and you can inspire the generation coming after you.

As you pursue your various paths, I hope you will devote some time working directly to meet the common needs in Africa, and help build our continent.

Let me end by citing another OAU founding father, the late Mwalimu Julius Nyerere of Tanzania, at the 40th anniversary of Ghana's independence in Accra in 1997. He said, and I quote:

" Of all the sins Africa can commit, the sin of despair would be the most unforgivable... Unity will not make us rich, but it can make it difficult for Africa and the African peoples to be disregarded and humiliated.... My generation led Africa to political freedom. The current generation of leaders and peoples of Africa must pick up the flickering torch of African freedom, refuel it with their enthusiasm and determination, and carry it forward."

Dear Students, as I have mentioned, in our youth, my peers and I picked up the flickering torch, refuelled it with our commitment and we will soon be handing it over to you.

I profoundly hope that your generation will, in your brilliance and energy, keep that torch held high. We have great faith in you.

Thank you.
