

Sixty Fourth Meeting of The Council of Ministers of The Organization of African Unity

Statement by

K. Y. Amoako, UN Under-Secretary General and Executive Secretary, ECA

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Mr. Chairman,

Your Excellencies, the Council of Ministers of the Organization of African Unity,

Excellency and dear colleague, Dr. Salim Ahmed Salim, Secretary-General of the Organization of African Unity,

Your Excellencies, Members of the Diplomatic Corps,

Honourable Heads of Delegation,

Dear Colleagues of the United Nations System,

Distinguished Guests,

Ladies and Gentlemen,

I would like to express my deep appreciation to my brother, Dr. Salim Ahmed Salim, for having invited ECA to this 64th Ordinary Session of the Council of Ministers of the Organization of African Unity.

Although the primary focus of this ordinary session is on administrative and financial matters of the OAU, the Council has always taken a keen interest in the important development issues and challenges facing the continent.

In this regard, allow me, as is customary, to share with you the Economic Commission for Africa's latest perspective on Africa's economic and social situation.

From our recent assessment, the glass is at least half full. Actually, more than half the countries of Africa have been enjoying real Gross Domestic Product (GDP) growth in excess of their population growth rates through 1995. Furthermore, no less than a third of these countries recorded growth rates of 6 percent and above. Only three African countries experienced negative growth in 1995 compared to 14 in the previous year. Indeed, a turnaround in per capita growth was achieved in the sub-Saharan countries as a whole in 1995.

All this is a welcome sign that overall growth trends in Africa are beginning to gather momentum towards the recovery evident in the global economy. This is a source of hope. It is a vindication of the economic reforms and sound policies which most of our countries are pursuing. Sometimes this has been at great political risk and social hardship.

Continued fiscal discipline, tight monetary policies and wage restraint have enabled adjusting countries to retain remarkable price stability. Several countries now have the platforms for long term solid growth. In contrast, there have been strong inflationary pressures in 1995 in countries which experienced difficulties in cutting budgetary deficits.

For the second year running, Africa's external trade has benefitted from a modest improvement in its terms of trade. In addition, the restoration of peace, security and stability in most parts of the African region has helped successful countries to advance their economic reforms and improve performance. But the few countries mired in conflict and crisis make the news as portrayed by the media. Meanwhile, though these conflicts generate negative publicity, more than 30 African countries have recently held democratic elections and more are in the process of doing so. This political development is a source of hope for the continent. As experience has consistently demonstrated, achieving enduring peace, security and stability is a basic precondition for sustained growth, development and prosperity.

Excellencies,

While economic trends are encouraging and the prospects are generally more favourable than earlier periods, they are not enough in terms of effectively confronting Africa's development challenges. Poverty persists and its reduction is still the most overwhelming development objective facing Africa. Today, more than half of the population of the continent lives in absolute poverty and the region is the only one where poverty is projected to increase. We must renew our liberation struggle against poverty and its tentacles. This struggle should be built upon sound social and economic policies. That is why growth and quality of growth matters most. Growth has to pick up to 6-8 percent for effective eradication of poverty. All Africans must be empowered to liberate themselves from want to create wealth for their families. I am convinced that a concerted economic struggle can rid African society of abject poverty by the year 2020.

Globalization has also brought in new challenges and opportunities. Globalization is underpinned by liberalization of economic policies and technical advances, particularly in communications and information. For Africa to integrate effectively in the global economy it should seize the opportunities offered by these developments. This could be done through free trade, enabling technology transfer and greater competitiveness to access foreign capital.

To overcome dependence on foreign resources and to avoid marginalization, the growth and development base should be extended to tap the enormous resources of the private sector. Our perception of the private sector should be extended to include the ordinary citizen, staple food growers, cash crop farmers, taxi drivers, small enterprises, traders and street vendors.

But to use this potential effectively, certain conditions need to be satisfied. There must be sound and stable macroeconomic policies, appropriate legal and financial systems, effective property rights, and law and order. In this regard, let me report to you the main messages from the ECA's Conference on Revitalizing Private Investment, just held in Accra from 24 to 27 June 1996.

First, there is a new partnership, a very productive partnership emerging between governments, the business community and other development partners. This was demonstrated in the partnership sponsoring of the conference by the Association of Ghana Industries, Cable News Network (CNN), and Asea Brown Boveri (ABB) Sub Saharan Africa Office, ECA, the Global Coalition for Africa, UNDP, the World Bank, The European Union, The British Overseas Development Agency, SIDA of Sweden, and the Governments of Japan and Korea.

Governments were represented in Accra by seven Heads of State and Governments. The business community was strong on the ground, with the presence of world renowned business leaders, investors and key groups such as the African Business Roundtable.

Second, the presence of so many investors reflected deepening commitment to Africa and the willingness to invest in the continent.

Third, certain interesting facts emerge from our launching of the African Capital Markets Forum to promote capital markets across the continent, and by a Summit Roundtable dialogue between the Heads of the States and senior business CEOs. This discussion was carried live by CNN worldwide. As moderator of the discussion, I was particularly pleased to note the broad new common ground between governments and investors from Africa and abroad. We noted that new capital markets are attracting portfolio investment to Africa for the first time. There is also a major diversification of domestic and foreign investment going on. More importantly, the participants suggested that there could be far more diversification in the sources of our investment capital than there is now.

Fourth, corporations and our other development partners are now more aware of the critical nature of the debt burden. They have a shared interest in achieving a substantial reduction in Africa's debt overhang. In this situation, our stance remains in harmony with OAU and ADB: that the resolution of Africa's debt overhang is a prerequisite for the revitalization of both domestic and foreign investment and for strengthening the growth momentum. If African countries are to achieve poverty-reducing and sustainable economic growth, they must increase investment rates tremendously.

However, increasing the investment rate requires more effective efforts at resource mobilization. Africa must boost its domestic savings rate substantially, and financial intermediation must be greatly improved to build the necessary domestic resources. Then Africa will need to draw in considerable resources from outside to supplement its own. Again, macroeconomic stability and savers' confidence in the sustainability of the policy framework are essential to boost domestic savings. In addition, governments must create an enabling environment to attract international private capital flows, to supplement domestic savings needed for investment and growth. Regional cooperation and integration can play a leading role here.

In a globalized and liberalized economy, economies of scale generated by the creation of economic groupings provide a much needed first step towards effective integration into the global economy. ECA is working with

OAU and ADB on integration of trade and monetary regimes and with all African states on regional cooperation in transport and communications. In addition, harmonizing policies and enforcing technical standards and property rights in all countries are considered essential to enable free movement of capital, labour and firms across boundaries.

Mr. Chairman,

Your Excellencies,

At this juncture, allow me to refer to three issues in which ECA has been closely associated with the OAU, together with the African Development Bank. As you are aware, Resolution 179 of the Heads of State and Government established the Joint Secretariat of the OAU/ECA/ADB to spearhead the implementation of the Treaty for the establishment of the African Economic Community. In accordance with this resolution, we should rededicate our efforts to effective cooperation, drawing on the comparative advantage of each of our institutions and complementarity, as well as in the spirit of trying to serve our continent better and use resources more effectively.

It is in this context that the 7th Consultative Session of the Chief Executives of the OAU, ECA, ADB and the Regional Economic Communities met in Addis Ababa on 10 June 1996. Our regional institutions have this awesome responsibility of ensuring that the integration process in Africa succeeds. We all are committed to making our organizations more effective in facing the challenges of our continent. We have therefore started the process of restructuring our institutions in order to make them more focused and cost-effective.

Finally, allow me to share with you our perspectives on the process of renewal and restructuring that ECA has been going through. ECA's renewal process began almost a year ago, as part of a broad stream of reforms going on within the UN as a whole. As the Secretary-General, Dr. Boutros Boutros-Ghali said in his statement read to the ECA Council of Ministers on 6 May 1996

"...ECA is in many respects at the vanguard of renewal and reform in the United Nations."

ECA's reforms are based upon three guiding principles for overhauling the organization to serve Africa better. These are strategic focus, cost-effectiveness and effective partnership in our mode of operations. Consequently, our future work programme is being reoriented, sharpened and clustered around five programme areas and two cross-cutting issues.

These five themes are:

Facilitating economic and social policy analysis, where we will sharpen our focus to give added emphasis to remedies to poverty and to highlighting best practices in Africa's economic and social policies;

Ensuring food security and sustainable development where the foundations of so much development: food security, population and environment, will be the focus;

Strengthening development management to continue key work on fostering effective public sectors, the private sector and civil society;

Harnessing information for development, an expansion of exiting work which could help Africa leapfrog years of effort; and

Promoting regional cooperation and integration to work on the Abuja Treaty in carrying out shared responsibilities with OAU and ADB, to help sub-regional organizations, and to carry out responsibilities in transport and energy.

The two cross-cutting themes are:

Gender where we will engender all our programmes and upgrade our African Centre for Women. I believe the gender issue is one of the keys to progress in Africa and elsewhere; and

Capacity building, which also will cross-cut all of ECA's programmes.

In our networking, we recognize that there are so many sources of expertise on the continent now, that the quality of work on Africa's core issues will be enhanced by fostering and exchanging that expertise. Indeed, we find so many actors and expertise involved with African development, that our priorities have to be changed, to focus on synthesizing that growing volume of quality work, networking and bringing parties together to help stimulate progress in Africa and to demonstrate to the world the breadth of Africa's expertise. In doing so, we hope for ECA to emerge as a credible "**Think Tank for Africa**", a clearing house for best practices, a policy integrator, and a catalyst and forum for perceptive ideas.

Two months ago, the Conference of Ministers endorsed our new strategic directions and has strengthened our impetus to move ahead. We are convinced that a renewed ECA will be able to make a more significant contribution to Africa's development efforts and become a better partner to our sister organizations OAU, ADB, to other regional economic communities, and to our development partners.

Mr. Chairman,

Excellencies,

This is the first meeting of the Council of Ministers of the Organization of African Unity to take place after the formal launching of the United Nations System-wide Special Initiative on Africa, in March 1996. Both our

organizations are set to play an active part in the Initiative. Its aim is to develop practical actions to make the most of UN support for African development, as embodied in the Cairo Agenda for Action, and to help ensure that Africa is given the place it deserves on the international agenda.

The Special Initiative is a concrete expression of the United Nations New Agenda for Development of Africa in the 1990s (UN-NADAF) and of UN agencies' enhanced support for the sustained efforts of African governments to accelerate the development of their countries. Its key components reflect the priorities established by Africa's leaders. The emphasis is on four thematic areas: **Strengthening the Capacity for Governance, Urgency on Survival Issues, Giving Development a Chance and New Hope for the Upcoming Generation.** These accord well with the firm commitment of our countries to **democracy, the rule of law, the deepening of economic reforms and self reliance.** I am particularly hopeful that OAU will benefit from a proposal to set up a \$100 Million Trust Fund to support its peace building activities.

As co-chairman of the Steering Committee of the Special Initiative, it is my fervent hope that our Governments would take full advantage of the many major aspects of this historic offer of support to the development of our peoples.

Your Excellencies,

I am grateful, indeed, for your kind attention.

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