TRANSFORMING AFRICA
An Agenda for Action

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Without a doubt, the development outlook for Africa has changed considerably since I became Executive Secretary of the Economic Commission for Africa a decade ago. In 1995 our countries were looking back on a bruising period of slow or negative growth, a disastrous record of dictatorship and poor governance, a burgeoning of conflict and above all a deep lack of confidence. In the 10 years since, we have seen growth rates steadily accelerate, democratic systems widely adopted, continental leadership and direction renewed and civil society rapidly expand at the grass roots. We have also seen a rising conviction that Africa can and must lead its efforts to develop.

As I look back over my 10 years at the Commission's helm, I am grateful to have had such a fascinating vantage point from which to observe and analyse socioeconomic trends on the continent. I also value the many opportunities to engage in extensive dialogue with Africa's leaders, policy makers and stakeholders both on the continent and farther afield.

Thanks to ECA's position as one of Africa's leading regional institutions, I have received many invitations to present our perspectives on today's development challenges, often through a lecture or keynote address to audiences in the region and around the world. With valuable inputs from my colleagues at the Commission, I have tried to meet these requests in thought-provoking ways, always with the goal of proposing action that will help African economies and societies to advance.

This collection of lectures reflects my views on how to respond to the opportunities and limitations of globalisation. Individually, they pinpoint the structural constraints and the policy and institutional weaknesses that must be addressed urgently in several core areas. Together, they present an overview of the holistic policy responses required to tackle Africa's daunting challenges.
Much of the analysis featured here is based on the findings of recent research at ECA. During the past decade the Commission has paid special attention to monitoring and tracking African economies and related development trends. With sharpened analytical tools, we have been able to offer perspectives and policy options with greater authority to member states.

One of the pleasures of my time at ECA has been the opportunity to work with some of Africa's brightest and most committed thinkers. Too numerous to mention here by name, their work is reflected in these pages, as are contributions from ECA's friends, who have shared our goals and given us their support. To staff and friends alike, I offer my warm appreciation.

My core message is that Africa has seen some welcome progress in several areas, over the past decade, following the devastating 'lost decade' of the 1980s. Its recent economic performance reflects better macroeconomic management and better governance, giving us all hope for the future.

I am positive about Africa's future. But I am also starkly aware that faster economic growth is needed across the region to substantially reduce poverty and improve the lives of the majority of Africans. If the region and its partners work to learn from the policy successes and failures of the past 40 years, we will make great strides.

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Executive Secretary
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1995-2005
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The University of Ghana at Legon has a special significance in my professional development. It is there that I decided to dedicate my life to the world of economics and development, rather than the physical sciences or engineering. At the time Ghana, the first Sub-Saharan country to win its independence from colonial rule, was held up as a bright beacon for Africa both in the political and socio-economic realms. But it lost its way for some time and experienced great economic hardships due to political instability, poor governance and bad economic policy decisions. Then in the 1980s, it was again held up as a model of economic reform in the continent.

Having spent the years after graduating from Legon gaining practical experience of policy implementation across the globe and closely observing events in Ghana with a technician’s eye, I decided to use the opportunity of my return to Legon to reflect on governance, economic reform and human development in Africa—and on how we could draw lessons for the rest of Africa from the Ghanaian post-independence experience. I stressed that in Ghana, as in many other countries in the region that have undertaken far-reaching economic reforms over the past 10–20 years, there have been several positive results from the reform process. But there are still key challenges to address. Among them: radically transforming the agricultural sector through modernisation, increasing investment in the manufacturing of agricultural products, accelerating regional integration, fighting corruption, improving governance and scaling up investment in human development.

One of the key lessons I draw from the Ghanaian experience concerns the need for individuals and societies to push constantly for accountability and good governance from their leaders. I therefore emphasised intolerance of all the things that hinder our aspirations for a better future such as corruption, nepotism, shortsighted policies, poor quality service delivery, mediocrity and
I am pleased to note the emergence of a vibrant culture of debate and civic awareness in recent years both among the general public and the media, in Ghana and several other African countries. More people are upholding these principles and no longer willing to accept or tolerate behaviour that holds back progress. This has contributed significantly to the improvements in governance that we have witnessed across the continent over the past decade.
As much as Ghana has a great deal to learn from the rest of Africa, the rest of Africa is looking to Ghana to help determine which course Africa will take. For it was Ghana that blazed the African trail to independence. It was Ghana’s first president, Kwame Nkrumah, who helped set Africa on its quest for regional integration. Ghana, like so many other African countries, went through political and economic hard times in the mid-1970s and early 1980s. Yet, it was among the first to undertake far-reaching economic reforms and to revert resolutely to multiparty democracy.

Like the rest of Africa, Ghana has come to learn that ‘getting the prices right’ is not the same as structural transformation; that casting a ballot is not the same as democracy. The bitter truth is that Ghana, and Africa, have to go even further in their economic and political reform efforts. In those endeavors, the black star cannot wane. It must shine even brighter—for Ghana and for the whole of Africa.

I invite you to come on a tour with me, a kind of ‘Back to the Future’ for Ghana and Africa. There are six parts to this tour.

- Where we have come from.
- Where we went wrong.
- Where we are now.
- Where we want to go, and what we are up against.
- What we have to do.
- Whether or not we can make it happen.

**Where Have We Come From?**

Ethiopian economist Berhanu Nega divides the last four decades into three phases: the good, the bad and the ugly. I would add a fourth phase, the most recent, which I will call ‘the hopeful’—although it is a hope tempered with caution, because so much depends on our ability to seize the moment.

Let’s start with the good. This was a period in which Africa did reasonably well compared with other developing countries, recording healthy growth of real GDP and per
capita incomes, fuelled by decent levels of investment and domestic savings. The industrial sector grew most rapidly. And the import substitution industrialization policy pursued by most African governments during this era, despite its long-term negative consequences, delivered high levels of economic growth in the short run.

After the first oil shock of 1973 the only African Renaissance we have ever really experienced fell into a tailspin. By 1980 the bad had turned to ugly, with GDP growth, industrial growth and investment all in a slump. A flicker of hope returns in the most recent period, from 1994 to 1999. Following the widespread adoption of IMF and World Bank sponsored structural adjustment programmes, Africa’s GDP began growing faster than its population, yielding a modest rise in per capita income for the first time in 15 years.

Now compare Ghana’s performance with the rest of Africa. In the immediate post-independence period, Ghana epitomised the enthusiasm that developing countries could make rapid progress. As much as 20% of Ghana’s total development budget was devoted to the development of industry and trade. But struck by a series of internal and external shocks, Ghana’s ‘bad’ period turned to ‘ugly’ rather more quickly than the rest of Africa. However, because Ghana was one of the first countries to embark on economic reforms, its ‘hopeful’ period also began earlier. Ghana’s average GDP growth in 1984–89 was nearly double that of the rest of Africa, and more than double in 1990–95.

The performance of African countries during the ‘good years’ was almost the same as that of other low-income countries and exceeded that of South Asia. Africa and Asia began at almost the same per capita income. In the early period Africa’s per capita income growth rate was more than twice that of South Asia. But after three decades, per capita incomes in Asia more than tripled while they increased only moderately in Africa.

At the dawn of the 21st century Africa’s development challenges go deeper than low income, falling trade shares, low savings and slow growth. They also include high inequality, uneven access to resources, social exclusion and insecurity. Income inequality is as high as in Latin America, making Africa’s poor the poorest of the poor. More than 40% of its 600 million people live below the internationally recognized poverty line of $1 a day, with incomes averaging just $0.65 a day. In fact, Africa’s share of the world’s absolute poor has increased from 25% to 30% in the 1990s.
Where Did We Go Wrong?

There is an African saying: if you know the beginning well, the end shall never trouble you. Where did we go wrong? There are three broad explanations. One is that history, mother nature and the big bad world have not been kind to us. The second is that we made the wrong economic policy choices. The third lies in the failure of the entire state apparatus.

The world has not been kind

Start with the external factors. This view holds that our poor performance is largely a result of factors that African governments and people could do little about. To begin with, we inherited colonial boundaries that make no sense: look at how the Ewes spill into Togo, the Nzemas and Ashantes into Côte d'Ivoire and so on. The Hausas in northern Ghana probably have more in common with the Hausas in northern Nigeria than with the coastal peoples of Ghana. If one had to carve up West Africa according to our history and culture, which link closely to our geography, the boundaries would be latitudinal across the coast, the savanna and the desert. They would not be the multiplicity of longitudinal countries that cut across all three belts and are characterized (with the possible exception of Nigeria) by their small market size.

Nature has been generous and cruel to us. We have an abundance of natural resources. But agriculture is largely rain-fed and subject to the vagaries of weather. Soils are vulnerable to leaching by tropical rains. Extremes of droughts and floods, endemic to Africa, seem to be happening with increasing ferocity.

Several countries in Sub-Saharan Africa are landlocked. A typical Sub-Saharan economy has a narrow export base usually depending on one or two primary products—gold in Ghana, copper in Zambia, coffee in Uganda, groundnuts in the Gambia and so on. That makes us vulnerable to prices decided on auction floors where we have no say. Declines in the terms of trade for African products and the instabilities in global financial and commodity markets have dealt severe blows to African countries. For most oil-importing African countries the oil shocks of 1973 and 1979 significantly increased their import bill, weakening their balance of payment position and creating inflationary pressure. Current trends suggest a return to these events. Ghana's earnings from cocoa, which generate about 30% of foreign exchange earnings, have been halved while the cost of petroleum imports has tripled.

As they say in North Africa, there are times when the camel driver has his plans and the camel has his. I am sure there must be many a time when African finance ministers
feel this way. But to focus only on what we can't control would be the worst form of defeatism. Indeed, there is a South African saying: while one finger of blame points to someone else, the others are pointing inwards—at oneself.

Wrong economic policy choices
This brings us to the internal perspective of Africa's economic crisis. This view holds that while external factors have compounded Africa's problems, the main causes are our own inappropriate and distorted economic policies. The centre-piece of the argument is that African governments interfere in markets without having the ability or the resources to improve them. State intervention involves price distortions in foreign trade, urban bias and discrimination against the agricultural sector, meddling in the financial sector, misguided industrial policies, unsustainable government expenditure, irresponsible and inflationary monetary policy and so on.

The problem, according to this view, is not only too much state intervention but intervention in the wrong areas. Instead of investing in areas such as physical infrastructure and human resource development where the need is most acute and cannot be fulfilled by the private sector, African governments concentrated on import-substituting industrialization—breeding inefficiency, stifling exports and crowding out the private sector, which is much better placed to run competitive industrial enterprises.

The diagnosis of the African economic crisis as simply being one of too much state intervention is part of a larger ideological consensus commonly known as 'the Washington Consensus' that dominated development thinking in the past two decades with the backing of powerful donors and multilateral financial institutions. It came with a readymade solution—structural adjustment programmes premised on the assumption that as long as barriers to the market are removed, the private sector would take over and economic growth will ensue. But the failure of the private sector to fill the vacuum created by the sudden withdrawal of the state, and the inability of Africa to structurally transform its economies, has led to serious questions about the sustainability of the reforms embarked upon.

Failure of the state approach
This leads us to the third, which goes beyond the 'Washington Consensus' by contending that the failure of African economies is not only due to state intervention in the productive sectors but to the failure of governance more broadly. I personally am of the view that underpinning all of Africa's problems is the crisis of governance—and that the sooner we recognise this, the sooner we will be prompted to take corrective action.
How did this crisis of governance come about? The regime of controls imposed by the state as part of its intervention into the productive sectors ensured that most private sector activity was illegal and thus not taxable. Power corrupted, and absolute power corrupted absolutely. Lacking support and legitimacy, autocratic regimes stifled debate and spread their tentacles. The late Jonathan Frimpong-Ansah, in his vivid anatomy of Africa's and Ghana's economic decline, used the colourful phrase, the 'vampire' state, to describe the way the African state had sucked so much from its prey that there was no more to be had.

Poor economic management fuelled political instability and vice versa in Ghana and several other African countries in the 1970s and 1980s. Political instability took the form of a litany of military coups as well as war and conflict. According to the Organization of African Unity, 26 conflicts have taken place since 1963, affecting 61% of Africa's people. Contrary to the popular view that conflict in Africa is the result of ethnic divisions, recent empirical evidence suggests that high levels of poverty, heavy dependence on primary commodity exports and failed political institutions explain the high incidence of civil wars.

I turn briefly to debt, because apart from conflict, the other major constraint to growth in many African countries is the debt overhang of $315 billion, or 90% of GDP, compared with equivalent figures of 48% in Latin America and 50% in Eastern Europe.

The root cause of Africa's debt problem was the declining terms of trade and the collapse of economic management, leading to imprudent borrowing, an inability to effectively manage debt, policies that fostered low productivity of investments, capital flight from corruption or national policies that discourage domestic investments, as well as a perception of high risk. The international community must also take responsibility for lending unwisely—at times for political rather than economic reasons, propping up dictatorial regimes that salted away the meagre wealth of their countries.

All I have said so far underscores the growing thrust in development thinking in recent times, not just towards less government but towards better governance. Originally viewed primarily in economic management terms, there is a growing appreciation that 'good governance' can prevail only if citizens are able to elect and remove governments, if there is the rule of law, and if a robust system of checks and balances prevails. We, as Africans, have tended to blame donors and others for adding 'good governance' to the already long list of conditions. This is unfortunate, because in my view good governance is not a bargaining chip in our relations with donors. It is the application of common sense to the working of our economies.
Indeed, in 40 years, the pendulum on the role of the state has swung three times in Africa. First, there was a heavy emphasis on state involvement in African economies by countries both to the left and to the right of the political spectrum, who viewed this as the only way of ensuring that political independence was accompanied by a modicum of economic independence. That shifted to an emphasis on minimal state involvement in the immediate post-Cold War era. The current thrust is towards a strong and competent state that provides a visionary leadership and management role, without itself getting involved in the nuts and bolts of production.

Where Are We Now?

Where exactly does this leave Ghana and Africa now? To use another travel metaphor, Ghana and Africa are like a mountain climber who, having scaled one peak, realizes that there is still a vertical rock to climb before he reaches the summit!

As one of the first African countries to embark on a far-reaching economic reform programme, Ghana illustrates this point rather graphically. The excellent collection of essays in Economic Reforms in Ghana, published by the Institute of Statistical, Social and Economic Research of the University of Ghana, Legon, draws our attention both to the miracle and the mirage of Ghana's economic recovery programme.

On the one hand, the reforms undertaken have been nothing short of impressive. But as Ernest Aryeetey, Jane Harrigan, Machiko Nissanke and the other good economists tell us in their book, lurking beneath the impressive performance is a mirage! An analysis of Ghana's growth from 1983 to 1993 suggests that apart from the massive infusion of aid, the growth is accounted for by an upsurge of public investment reminiscent of the immediate post-colonial experience. With the wiping out of controls on the foreign exchange market, the increase in customs and tax revenues, the rise in cocoa exports and the moderate success in divestiture, government revenue rose from 5% of GDP to 15%. Government expenditure—in the social sector, but especially in economic infrastructure—fuelled growth during the early phase of economic reform.

What is significant is that in 1987 the government had set medium-term targets of more than doubling investment, to 23% of GDP, between 1986 and 1989, with more than half coming from private investment. These targets, critical to sustained growth, were not achieved: private investment as a percentage of GDP remains at about 7%. The miracle is the aid- and public sector-fuelled growth that was not sustainable. The private
sector must take over as the engine of growth, while the public sector creates a strong enabling environment.

Coming to the most recent period, from 1996 to the present, performance has continued to be better than during Ghana's 'dark ages' from 1978–1983. But GDP growth rates have slowed down, trade and current account deficits have grown, fiscal deficits have re-emerged, money supply growth has remained high, inflation has begun to rise again and the cedi has depreciated sharply. The prudent fiscal management during earlier periods became lax in the 1992 election year, when Ghana made its transition from military rule to democracy. This was repeated somewhat in 1996, and the economy does not appear to have recovered.

In other words, there is slippage in macroeconomic management at the very moment when it is most required as the overarching framework for pursuing and deepening political and economic reforms.

The long-term implications of the slackening of macroeconomic management are worrisome. The inability to control the fiscal deficit continues to crowd out the private sector. This factor, coupled with political uncertainties, explains the continuing weak response of the private sector, especially in manufacturing. With the exception of mining, private foreign investment has also remained sluggish.

What seems to be happening is this. Ghana, and Africa, have come a long way in implementing the first 'stroke of the pen' economic reforms to get the macroeconomic fundamentals into some sort of equilibrium. They have recognized that these are not sufficient to ensure an adequate supply response. This involves more far-reaching reforms—gaining the confidence of the private sector, restructuring economies, investing in human and physical capital in the context of continued fiscal discipline and pluralistic politics.

Where Do We Want to Go, and What Are We Up Against?

So far, we have seen how African countries went from a period of relative prosperity, into an economic tailspin occasioned partly by external forces but largely by a failure of governance. Economic structural adjustment programmes, supported by the IMF and World Bank, have helped to restore macroeconomic balance and a return to modest growth in per capita income. Economic liberalization led to demands for political liberalization. Whereas in the mid-1980s you could count on one hand the number of multiparty democracies in Africa amid one-party and military regimes, today the reverse is true.
At times, there may be a conflict between political and economic reforms: voters do not necessarily wish austerity upon themselves! Yet it is critical to maintain fiscal discipline to ensure high growth rates, while deepening political and economic reforms to ensure the sustainability of the recovery effort.

Our vision is ambitious. Africa has christened the new millennium the 'African Millennium.' There is even talk of an African Renaissance. More concretely, we are part of an international commitment to reduce poverty by half by 2015. Ghana has set for itself a Vision 2020—the achievement of middle-income status in two decades.

If our recent history has taught us anything, it is that poverty cannot be eradicated without economic growth. The harsh reality is that the average African, and the average Ghanaian, are poorer today than they were at independence in the 1960s. On current trends, and in the absence of further improved policies, it will take the poor in Ghana up to 50 years to escape poverty!

Our studies at the Economic Commission for Africa show that if Africa is to achieve the international target of reducing poverty by half, its economies will have to grow by an average of 7% a year. This is more than twice the rate achieved over the last five years in Ghana and in Africa. It calls for the ratio of investment to GDP increasing from 16% for Ghana (15.3% for Africa overall) to about 26% of GDP.

East Asian countries have shown that rapid increases in per capita income are possible. While per capita income in Ghana declined between 1966 and 1996, that for South Korea, which began only moderately ahead of Ghana, has increased 8-fold. So, rapid growth is possible, but it is by no means guaranteed. Radical measures are needed.

The challenge for Ghana and Africa is especially daunting in this era of globalisation. In his recent book, *The Lexus and the Olive Tree*, New York Times columnist Thomas Friedman asserts that in the aftermath of the Cold War, globalisation is the new world order that is relentlessly taking root: a world order run according to the law of the jungle, where only the fittest survive.

By all accounts, Africa is an endangered species in that jungle. Despite the fact that it exports no less than a quarter of its GDP, it accounts for no more than 2% of world trade. In June this year, the ECA, the African Development Bank, the World Bank and the Nairobi-based African Economic Research Consortium published a landmark report, *Can Africa Claim the 21st Century?*. The book argues that Africa can claim the
21st century. But the 'yes' is qualified, conditional on Africa’s ability to become globally competitive. I will highlight a few of the strategies that we have identified, and how these might apply to Ghana.

What Do We Need to Do?

To begin with, we have to identify the structural problems that limit Africa’s economic growth and seek to redress these. Traditionally, the pattern is that as an economy grows, the share of agriculture declines while that of manufacturing increases. ECA studies show that there have indeed been structural shifts in African economies since independence, with agriculture declining from 40% of GDP in the 1960s to 21% at the end of the century. But this decline has not been accompanied by a commensurate increase in manufacturing, which rose from 9% to 15% of GDP over the same period. Instead, the service sector grew from 34% to 50% of GDP and may be even larger, since the true extent of the informal sector is not known. If Africa is to achieve rapid growth there needs to be both a strengthening and diversification of agriculture—which constitutes the backbone of our economies—as well as a substantial growth in manufacturing output relative to agriculture.

Agriculture

Look first at the agricultural sector, taking Ghana as an example. As in other African countries, agriculture’s contribution to GDP has been declining—from 55% of GDP in the first half of the 1980s to 41% in 1995. But this has not been accompanied by a similar increase in manufacturing output. Agriculture is also a classic example of the fact that getting the prices right is not enough. Agriculture in Ghana continues to grow at a sluggish pace. Traditional land tenure systems, including shifting cultivation, continue to be widespread and to take a heavy toll on the soil. Fertilizer use is low and further constrained by the removal of subsidies. Sudden privatization of input procurement, supply and distribution led to bottlenecks when the private sector failed to respond immediately to these moves. The credit squeeze curtailed agricultural investment.

This raises complex questions. Is some form of subsidization for agriculture desirable, as is common in developed countries? What role should the government play in the provision of inputs and know-how to farmers and in agricultural marketing? What is the plan for irrigation? Where is the line best drawn between the government and the private sector when it comes to agricultural production? Ghanaians must discuss these issues and decide on a strategy that doubles agricultural output in a relatively short period of time. What is certain is that traditional approaches to production will not do the trick.
Fortunately, new technologies make the transformation feasible—if only we can find ways to tap them.

**Industrialization and export diversification**

Some analyses suggest that Sub-Saharan countries have suffered from sustained de-industrialization, the most serious loss in manufacturing capacity in the developing world.

In Ghana manufacturing growth rates declined by about one-third between 1988 and 1995. Despite the stated aims of the Economic Recovery Programme, there has not been significant export diversification. While the relative shares of cocoa, gold and timber have changed, with the share of mining increasing, the total share of these three primary product exports remains the same. Although nontraditional exports have increased, and tourism holds great promise, these areas of the economy remain underdeveloped.

There are three keys to a successful industrialization and economic diversification strategy. One is to have a clear government strategy—not to be confused with direct state involvement in running industries, which we all acknowledge to be a thing of the past. It is a well-known fact that in East Asia, governments took an active role in promoting industrialization, intervening at strategic points through regulation and incentives and mobilizing resources where appropriate. The second factor in promoting industrialization and diversification is regional integration. The third is a robust private sector response. I will elaborate briefly on the latter two issues.

**Regional integration**

In my statement to the Summit Meeting of the Organization of African Unity earlier this year, I had occasion to revisit Kwame Nkrumah's statement at the founding of the OAU in Addis Ababa in 1963. He said:

> 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.

What an opportunity lost, that today, we should be conjuring the spirit of Nkrumah to do what we should have started doing 37 years ago! All around us, in Europe, Asia, North America and Latin America we see the emergence of strong regional blocs with common interest that negotiate with one another. For Sub-Saharan Africa—with a total income not much more than Belgium's, divided among 48 countries with median GDP
of just over $2 billion, about the output of a town of 60,000 in a rich country—regional integration is not just a matter of choice. It is a matter of survival in that jungle I just talked about. Yet despite the myriad of experiments with regional integration and the multiplicity of deadlines and extensions, we are still nowhere near achieving a United States of Africa.

The Bible says that a prophet is seldom recognized in his or her home. As the home of Osagyefo, what have we Ghanaians done to advance the cause of regional integration, in Africa, or in our own Economic Community of West African States where trade between us remains at a paltry 6% of the total? Admittedly, the various conflicts in West Africa have had a negative effect on ECOWAS, and Ghana helped to diffuse many of these conflicts through its contribution to the peacekeeping efforts and at the level of political negotiation. But looking ahead—and especially now that Nigeria, the ‘sleeping giant,’ has awoken from its slumber—are we prepared to seize the moment and play the honest broker between francophone West Africa, with which we have close geographical and economic ties, and the anglophone regional giant? These are important questions not just for strengthening regional integration in West Africa, but also for our ability to create the necessary economies of scale for the structural diversification of our economies.

The private sector and expatriate capital

The other critical issue is the private sector response. It is shocking that 17 years after adjustment began, we should still largely be looking solely to foreign aid to plug Africa’s financing gap rather than to internally generated domestic savings or indigenous private entrepreneurs. This is not just because of the debt overhang, though that is a contributory factor. The accumulated loss of faith by Africans in the regimes that govern them is so profound that Africans either prefer immediate consumption to savings—or are exporting their savings through capital flight.

Africans have transferred a staggering 37% of their wealth abroad, as compared to 29% in the Middle East, 17% in Latin America, 4% in South Asia and 3% in East Asia. Africa is also a net exporter of its most talented human capital. Several hundred thousand highly educated Africans live and work abroad, while more than 100,000 experts from developed countries are employed in Africa.

Foreign direct investment is another measure of confidence. The rate of return on foreign direct investment to Africa is 29% a year, higher than in any other region of the world. Yet only 4% of the total investment pouring into developing countries is going to Africa. It is
no good bemoaning the fact that investors aren't coming. If Africans don't have the confidence to come back, and if African entrepreneurs don't have the confidence to invest, why should foreign investors, who have the globe to choose from, act any differently?

These issues strike a deep chord in Ghana. By some estimates, up to two million Ghanaians are living outside the country. One theory is that it is the less adventurous who-travelled while the more adventurous and talented remained behind because only these magicians—as the majority of Ghanaians were once called—could work out how to survive! Being one of the less adventurous, I have some respect for that view. But I think we can agree that the loss of so many people, adventurous or unadventurous, has been a major drain on Ghana's resources.

Expatriate Ghanaians repatriate a significant amount of money—by some estimates, $300 million a year. There has been a significant increase in investment by expatriate Ghanaians in housing. But very little of this has yet to be channelled into the manufacturing sectors or new areas such as tourism.

Various reasons are cited for the poor domestic private sector response, ranging from tight monetary policy and public sector crowding out of the private sector to political uncertainty. Aryeetey and the other economists suggest in their book that perhaps the government should run a tighter fiscal policy and looser monetary policy. But qualitative research suggests that the reticence of the private sector runs much deeper, embedded in a continued lack of trust between the government and entrepreneurs. Two decades since traders were chased out of Makola Market by the then military government, rebuilding confidence between government and the private sector remains a matter of absolute priority.

Given the pervasive involvement by the state in almost every area of African economic life in the past, privatization is potentially an important means of boosting the domestic private sector and indeed of helping to repair relations between the government and local entrepreneurs. Typically, it is the 'dogs' that get sold off first—the kind of enterprises that would be cheaper for the government to give away because they are actually a liability to the fiscus. The resolve to privatize tends to wane as the list gets to those items regarded as the 'family silver.' Yet there is seldom really a good reason for governments to hang on to even these items.

A good case in point is infrastructure, traditionally an area of government monopoly and one whose perilous state in Africa needs no further elaboration by me. Why should
infrastructure be the sole preserve of government when its provision and management are potentially profitable, and when it is a cornerstone for business development? Of particular concern is the telecommunications sector, an area crying out for reform if Africa is to take advantage of information technology, one of the most exciting developments this century.

Ghana has shown foresight by opening telecommunications to private investors. Plans are well advanced for private-public sector partnerships for the provision of clean water and electricity as well as rebuilding the country’s road network. It is estimated that the cost of redressing backlogs in the energy, water and road sectors in Ghana is between $4.5 billion and $5.5 billion. This compares with an average aid budget of a bit less than one billion dollars a year. Clearly neither donor funds nor government revenue would be sufficient to address infrastructure needs.

However, privatization more broadly has not been without its upsets in Ghana, as in the rest of Africa. The pace has slackened and at times there have been allegations of a lack of transparency. An important means of increasing transparency and facilitating local participation in privatization is through development of capital markets. Capital market-based privatization provides an improved chance of fair pricing of the enterprises, and so serves as an important means of de-politicizing the privatization process. In addition privatization, through local capital markets, allows for local investor participation and enhanced diversity of ownership of the country’s assets.

Turning specifically to foreign direct investment, interest in the gold mining sector (estimated at upwards of $1.5 billion) is unfortunately still not reflected in other areas of the Ghanaian economy. Some smart targeting has taken place in the recent wooing of foreign investors from Southeast Asia. But there is so much more potential to be exploited: we don’t have to beat paths only to the west—or to Obuasi. From the north to the south, from the coast to the desert, from the chop bars to the 5-star beach resorts, Ghana is a country resplendent with investment opportunities!

**Human capital and education**

Growth, development and innovation are ultimately by people, for people. A feature of African economic performance, even during the good years, is that rapid growth was achieved through expanded use of resources in both agriculture and industry rather than gains in productivity. Addressing productivity is now a matter of urgency, and that means investing in people. In the recent growth literature on Africa, low levels of investment in human capital have been identified as major impediments to growth.
Nearly half of all Ghanaian adults are illiterate, and the majority are women. According to the United Nations Development Programme one in four children are out of school. How can we ensure a basic education for all? How do we plan to eradicate the scourge of illiteracy? Our universities are overcrowded and under-equipped. I need not expound on the state of education today: we all know that the Legon that we come to pay tribute to today is a skeleton of its former self, even if its indomitable spirit lives on. This is a point that Alex Kwapong, a former vice chancellor of this university, and his colleagues have confirmed in a study on capacity building in Ghana.

I must again put before us the tough economic choices that need to be made in the field of education. It is now generally accepted in development circles that the dis-investment in education that took place during the rush to contain budget deficits in the earlier phases of economic reform was misguided. But when 50% of Ghanaian doctors leave the country within two years of graduation and 80% leave within five years of graduation, should we be investing such a high proportion of our resources in tertiary education? Should those who benefit from these subsidies be shouldering more of the costs? Should there be more private sector involvement in tertiary education—a sector currently dominated almost entirely by the public sector?

How can civil society and individuals contribute to the financing of higher education? I am delighted to learn that in the last few years, the alumni of the University of Ghana have been making significant contributions to the expansion of the physical facilities at Legon. But those of us who benefitted so much from past subsidies should, and can, do more. I therefore want to invite my colleagues in economics of the Class of 1968 to join me in endowing a Chair for an initial period of 3 years in the Department of Economics.

The informal sector
Another critical area for Ghana (and Africa) is how we plan to harness the energies of the so-called informal sector. Here in Accra, you can buy anything from Wrigley's chewing gum to dog collars to fly swatters at the traffic lights. But is this really the most productive use of these young people's time? Sixty percent of our people are engaged in fringe activities from which they eke out a living, because they lack the support and training to obtain substantial employment. How can we improve their productivity? How can we boost their enterprises? How can we introduce them to new knowledge and technology that could revolutionize their lives and lift the rest of Africa?

Science and technology
There is a critical need not just to develop science and technology curriculums in our
schools, but to develop science and technology cultures in our societies. A tiny 0.4% of government resources are devoted to research and development in Africa—most of them to agriculture. This is far less than the investments made by the Newly Industrialized Countries. Comparative experience tells us that in a world increasingly driven by knowledge rather than physical resources, there is no way we can hope to become globally competitive with such low investments in technological advancement. Harking back to Nkrumah, recall how much emphasis he placed on science and technology, including the establishment of institutions such as the Ghana Secondary Technical School in Takoradi and the University of Science and Technology in Kumasi.

Information technology offers a means for African countries to leapfrog into the 21st century. At the ECA, which houses the African Information Society Initiative, we have identified several reasons why this is so. Apart from the intrinsic importance of information and knowledge to any development effort, information technology reduces the costs of doing business, cuts across the huge geographical barriers that have been impediments to development in Africa, offers numerous economic opportunities in and of themselves for small-scale entrepreneurs and opens huge possibilities in the social sector—such as distance education and telemedicine.

In the area of information technology, the ECA is carrying out activities in partnership with several organizations, including UNESCO, the World Bank and the Carnegie Corporation. They are working to develop training centres of excellence at universities and schools of technology and communication, on both the national and the subregional levels, while using the existing infrastructure.

I have learned more today from the vice chancellor about the considerable progress made here at Legon in leveraging information technology for education, and I would like to offer all the support of the Economic Commission for Africa in ensuring that, within the next three years, Legon becomes a model for African universities.

Let me also mention that driving around Accra, I have been delighted to see the many cybercafés and the vibrant information technology culture that is developing, including talk of e-mail addresses at post offices—an area where I believe Ghana is taking the lead in Africa. I am also informed that 'see you at dot com' has become another way of saying goodbye among the youth, and the Internet is becoming a popular venue for courtship.

**Gender equality**

I would be remiss if I did not make specific mention of the imperative for gender equal-
ity if Africa, and Ghana, are to achieve their development objectives. In simple terms, we cannot hope to progress when more than half of Africa’s people are barred from realizing their full human potential.

Education is one measure of gender inequality in our society. At Legon, and in tertiary institutions throughout Ghana, three out of four students are men. Ghanaian women have traditionally occupied key positions alongside men in the production of goods and services, yet their contributions to the economy are largely absent from national accounts. There is something deeply wrong when, 43 years after independence, less than 10% of our parliamentarians are women. A recent study on Violence Against Women and Children in Ghana\(^1\) carried out by the National Council on Women and Development, reveals the extent to which the basic human rights of women are violated on a daily basis.

Again, we need to ask ourselves tough questions. Why is it that despite the rhetoric, African countries are not doing enough to advance the status of women? How can the energies of civil society—that have arguably been far more visible than those of government in this area—be better harnessed? How can we move beyond conferencing and advocacy to implementing and monitoring? Why are women still only talking to women at gender conferences? What can be done concretely to bring African men on board?

**Health**

Despite gains made in life expectancy and infant mortality in Ghana, the weak state of the health sector is underscored by the fact that 60-70% of the country’s health problems are communicable diseases (including epidemics), and are preventable. The most frightening of these is the HIV/AIDS epidemic: it is estimated that in no fewer than 13 African countries, between one-tenth and one-quarter of the entire adult population, is living with HIV or AIDS. Infection rates this high are not seen anywhere else in the world.

Callisto Madavo, the World Bank Vice President for Africa, told a recent conference on HIV/AIDS in Lusaka that, ‘HIV is now the single greatest threat to future economic development in Africa.’ AIDS is taking away Africa’s present and taking away its future. As a result of HIV/AIDS:

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Eleven percent of children in Uganda and 9% of children in Zambia have been orphaned.

AIDS treatment costs may account for more than one-third of total government health spending in Ethiopia, more than one-half in Kenya and nearly two-thirds in Zimbabwe by 2005.

Almost 15,000 teachers will die in Tanzania by the year 2010, and almost 27,000 teachers will die by 2020.

With an HIV/AIDS infection rate of just over 4%, Ghana has been spared the worst of this scourge. Compare that to Botswana, which has a rate of 36%, making it the highest in Africa and the world. But I hesitate to even make this comparison, because there is no room for complacency.

Indeed, it has been said that 4% is the 'turning point' figure for HIV/AIDS, where a country is either going to roll back the tide or watch it cascade. In December, the ECA will devote its annual African Development Forum to the theme: 'AIDS: Africa's Greatest Leadership Challenge.' If there is one plea that I will unapologetically take advantage of this forum to make, it is that Ghana rise to this challenge. Any more time wasted could be the difference between victory and defeat. In this case, defeat could wipe out the flicker of hope that we have for achieving VISION 2020.

**Governance**

This leads me to my final point. The common thread that runs through all the themes I have mentioned so far—the absolute pre-requisite for Ghana and Africa claiming the 21st century—is the need for strong and capable states. The list I have given you is daunting. It calls for stronger and better states, not weaker and ineffective ones. The hallmarks of a capable state are: strong governing institutions; a sharp focus on the needs of the poor; powerful watchdogs; the rule of law; intolerance of corruption; transparency and accountability in the management of public affairs; respect for human rights; participation by all citizens in the decisions that affect their lives; and the creation of an enabling environment for the private sector and civil society. Capable states nurture all of these. Confident governments welcome the views of academics, civil society, the media and even opposition parties.

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1 By the end of 2003, UNAIDS estimates were putting Swaziland's HIV prevalence rate at between 37.2% and 40.4%—slightly higher than Botswana's estimated range between 35.5 and 39.1%. 
Ghana is making important progress in these areas. The cornerstone for these is the 1992 constitution, which provides for a multiparty, liberal, democratic order that is underpinned by the separation of executive, legislative and administrative powers and is buttressed by the Commission on Human Rights and Administrative Justice. The form of political authority changed—let us hope decisively and irrevocably—from military to multiparty in 1992. Two elections have taken place and a third is about to be held. In the short term, there may be contradictions between the imperatives of political and economic reform. But one thing we know for certain is that in the long term, plurality is the key to political stability, without which there cannot be economic development.

The bodies in our society that are charged with watchdog functions are increasing in number and maturity. There has been a significant proliferation of mass media organizations in both print and electronic media, as well as a variety of civil society organizations.

Corruption is being discussed more openly, but a great deal remains to be done on this matter, both in Ghana and the rest of Africa. Here, I would draw your attention to an in-depth study that has just been conducted in Kenya, titled "The link between Corruption and Poverty: lessons from Kenya Case Studies." The study points out that corruption taxes the poor, increases transaction costs and reduces the level of economic activity. Similarly, a study in Tanzania shows that corruption increases the cost of living by 25%.

Corruption is one of the cancers that has compounded Africa's misfortunes, driving us even further into economic mismanagement and despair. The 2000 Corruption Perception Index, just released by Transparency International, shows five African countries to be among the top 10 most corrupt countries in the world, with Nigeria reclaiming the number-one position from Cameroon. Ridding ourselves of this cancer must be a priority in the 21st century. As we would say here at Legon, *integri procedamus*—proceed with integrity!

Public perceptions are a key barometer of governance. The Ghana Institute of Economic Affairs has conducted two revealing studies, one in 1995 and the second in 1999. There are several positive signals: growing awareness of the constitution; recognition of the system of government and of the limits of the president's power; the military ceasing to be a source of fear; and freedom of expression taking root.

But there are also worrying signs: the declining perception of political representation; the high perception that political parties do not have an equal playing field; and perhaps most worrying of all, the fact that two-thirds of Ghanaians feel that their quality
of life has not improved. If we revert to our earlier figures, this is hardly surprising. For although the trend is upwards, per capita income is lower than at independence. At $450 a year, it is pitifully low.

This brings us back to the crossroads—to the choices for the future.

**Can We Make It?**


Scenario one: High growth, led by southern Africa. South Africa is the main engine of growth, with a strong common market. Nigeria awakening and pulling its weight in western Africa. A strong African common market is emerging.

Scenario two: An escalation in ethnic conflict and sporadic government collapse discourages private investment, beginning in western Africa and spreading to central and eastern Africa.

Scenario three: Episodic crises continue; debts are cancelled but new loans and private investment are scarce and export markets continue to shrink. But a new generation of pragmatic leaders emerges. There is far more self-scrutiny and consensus for change among the peoples of Africa. Economic reforms are pursued and deepened, with governments making education and other basic social services a high priority.

Call me naïve, but looking at these three scenarios, I cannot help but feel that although the third scenario is a safer bet, the first scenario is plausible, especially as we now know that Nigeria is awakening. This must be a source of hope for western Africa, as South Africa’s emergence proved to be for southern Africa.

Partly, perhaps, it is just my nature to be optimistic. In his foreword to my recently published book of speeches, the UN Secretary-General calls me ‘an optimist for Africa,’ but notes that optimism is not the same as romanticism, since it is ‘tempered by realism even as we strive for improvements in the human condition.’ Mr. Annan also said in one of his recent speeches that, according to a definition he once heard, the difference between an optimist and a pessimist is that while both are often wrong, the optimist dies happier. Since I’m not likely to be around in 2050, I choose to be an optimist and die happy.
Looking back, this address was one of the most significant of my tenure at the Economic Commission for Africa. It succinctly reflects and presents the results of the extensive research and intense brainstorming that my colleagues and I had undertaken in the years after I became Executive Secretary. We endeavoured to formulate a vision and action plan for addressing Africa's particular needs in the competitive globalised world of the twenty-first century. It was the first time that I presented to the ECA's Conference of Ministers of Finance, our core constituency, the Commission's new thinking on the essential elements of a bold and comprehensive action plan. This plan addressed Africa's many development challenges and put the continent on track to consistently strong economic growth rates, significant poverty reduction and sustainable development.

At the core of the proposed plan was the call for a 'New Global Compact with Africa.' African countries would agree to put in place the necessary political and economic reforms to ensure that their economies take off, while rich countries would agree to support these reforms by committing themselves to invest the necessary resources, through aid, debt relief and market access, to give African economies the jump-start they need.

In that context, this statement outlining the principles of the 'New Global Compact with Africa' highlights the critical need for increased investment in Africa through better domestic policies, as well as increased and more effective development assistance. It stresses mutual accountability towards development outcomes and long-term commitments. It calls for the World Bank's IDA window to be converted into a full grant facility. At the same time, it calls for significant action on debt, with the goal of finding a lasting exit for indebted countries from their debt burdens. Meanwhile, it is strong on the need for fair trade rather than free trade,
and urges developed countries to take the lead in removing domestic subsidies and other protectionist measures, while at the same time giving developing countries the support and breathing space needed to build up their domestic industries and trade capacity, behind protectionist barriers if necessary.

Subsequent events have seen these issues put firmly at the heart of the agenda for change in Africa. On the African side, the ECA played a key role in making the principles of the Compact a pillar of the new development discourse on the continent, while working closely with member states on the formulation of the New Partnership for Africa's Development. NEPAD was the product of a decision taken by ECA's Joint Conference of Ministers of Finance, Planning and Economic Development in Algiers in May 2001 to merge two initiatives—the Millennium Partnership for the African Recovery Programme, led by Presidents Mbeki, Obasanjo and Bouteflika, and the OMEGA Plan proposed by President Wade of Senegal—into a single initiative that should provide an appropriate framework for Africa's development. The ECA Secretariat therefore provided much of the technical input to the merged document that was eventually adopted by heads of states and became the framework document for NEPAD. At the same time, the issues highlighted in the statement concerning the commitments that need to be made by rich countries in order to operationalise the New Global Compact with Africa have also been the main focus for international action in support of Africa in recent years.
When you last met here you focused on financing development. You welcomed the new international realism, recognizing that much of Africa's debt is not payable, but criticised the Heavily Indebted Poor Country initiative for being too slow and too selective. Your proposals on debt were largely adopted by the subsequent G8 meeting in Cologne, paving the way for the Enhanced Heavily Indebted Poor Country initiative. It is clear that Africa's finance ministers fully understand what needs to be done. Increasingly, so do our international partners.

The World Bank has adopted a Comprehensive Development Framework that takes a far more holistic view of economic reforms. The International Monetary Fund's Enhanced Structural Adjustment Facility has been changed into the Poverty Reduction and Growth Facility. Discussion of a new financial architecture is focusing on deepening financial reforms in emerging markets, as well as greater transparency and accountability by the multilateral financial institutions.

The OECD, through its report, 'Shaping the 21st Century, the Contribution of Development Cooperation,' has reassessed the effectiveness of the Development Assistance Committee's help. The report makes comprehensive proposals for improving development cooperation through partnership and policy coherence.

There is a growing recognition by international partners and reforming African countries that stabilisation policies are not the same as structural adjustment. We need to go far deeper to reposition poverty reduction at the centre of our development efforts.

This revitalised focus on poverty comes together in the Poverty Reduction Strategy Papers (PRSPs) being prepared at the country level as a precursor for assistance from the bilateral and multilateral agencies. Yesterday, it was the ECA's honour to host the first 'Big Table' consultation, a true North-South dialogue, between a number of African finance ministers and ministers of development cooperation. The topic was the Poverty Reduction Strategy Papers, quickly focused on the fundamentals of ownership and accountability for the development relationship implied by the papers.
Thus in the 18 months since your last meeting, there have been some positive and promising developments. But let us also watch the bottom line: we have not yet broken out of the vicious circle of weak economies, poor supply responses to macroeconomic reforms, failure to increase market share in world trade, low foreign direct investment, low domestic savings, declining foreign aid and the debt overhang. We still need to find a way of turning this vicious circle into a virtuous circle of high growth and domestic savings, increased private foreign capital (including a reversal of capital flight), industrialisation, increased foreign trade and per capita income, reduced dependence on aid and reduced poverty.

All this boils down to the central issue of whether Africa has a positive future. This was the topic of the recently released seminal report by the ECA, African Development Bank, the World Bank and the African Economic Research Consortium, entitled 'Can Africa Claim the 21st Century?' The book argues that Africa can do so. But it is a qualified 'yes', conditioned on Africa's ability, with the assistance of its cooperating partners, to seize the moment. And the moment is now. Why now? First, because the international agenda is now focused on issues where Africa stands to gain, and second, because Africa is at a crossroads.

This conference will help us prepare for two key meetings on the international agenda. The United Nations Conference on Trade and Development, a special friend of Africa, will focus on the least developed countries. Thirty-three of the 48 least developed countries are in Africa. United Nations Conference on Trade and Development officials who briefed us here last week assured us that their third least developed country conference would produce 'immediate deliverables' and 'early harvests.' The conference is deliberately taking place in the European Parliament—to highlight the issues of economic justice that are at stake.

Those who briefed us on the Financing for Development Conference (FFD) pointed out that the two conferences, moving ahead together, can build important linkages and synergies. There is a tendency for the 20 African countries that are not least developed countries to fall between the cracks because of the rather stringent criteria for least developed country classification. Yet many of the lower middle-income countries also face crushing debt burdens and structural weaknesses in their economies. What the Financing for Development Conference offers is the possibility of serious attention to both least developed countries and those countries that are struggling to keep above the poverty line. These two conferences clearly give us an opportunity to make our case.
Five African countries have demonstrated their ability to adopt sustainable reforms and achieve structural diversification. Fourteen countries show prospects of a sustainable take-off in the next 15 years. Other key members of the African family, such as Nigeria, are moving towards a point where their positive prospects for sustainable growth will become clear. On the political front, there is greater democracy, more participatory development and greater local responsibility.

While these economic and political trends are clear, they are not entrenched. Thus, while we have clearly come a long way towards creating better understanding and a more conducive environment for Africa’s economic recovery, we are still lacking a bold and comprehensive plan for Africa’s irreversible emergence from its current fragile state.

It is in this context that I want to refer to the discussion, in last week’s experts meeting, of a Marshall Plan for Africa. This call has been heard many times before. To most people, the Marshall Plan means a lot of foreign aid but it was more sophisticated than that. The Plan came about because Western Europe was at a crossroads in which democracy and a free market orientation were at stake. The Soviet political and economic system was an abyss to be feared. The compact arrived at was that political and economic solidarity was offered, including a strong aid programme rooted in national planning, in exchange for which a core of Western European nations agreed to seek trade and monetary union. There was a clear realisation at the time that the cost of the plan would be high, but the costs would be far higher if there were no plan.

We in Africa have had experience with only one grand bargain, and that came in the midst of the debt crisis of the 1980s. The ECA proposed a grand bargain of aid to cushion structural adjustment. That position was carried by OAU to the 1986 UN General Assembly’s Special Session on Africa, where it was adopted. Unfortunately, the result was often ineffective structural adjustment supported by insufficient aid. This added up to a lost period of development from which we are just emerging.

Today, we are able to begin focusing on poverty reduction. Our political and economic commitments are at turning points. We face our abyss: the prospect of high population growth gobbling up our natural resources. The abyss can only be avoided through sufficiently strong and broad-based growth. There are real prospects for success, but there will be staggering costs if we fail.

The United Nations Conference on Trade and Development Conference is being referred to as the ‘New Global Deal for Least Developed Countries.’ I want to propose
that out of this, and the Financing for Development Conference, comes a ‘New Global Compact with Africa.’

The compact would be with Africa, not for Africa. If the rich countries are willing to invest their resources, including aid, debt relief and market access, to give African economies the jump-start they need, then much of Africa should be able to put in place the necessary political and economic reforms to ensure that their economies take off. There would be a substantial, but carefully agreed upon and phased injection of official development assistance, which would be linked to performance indicators agreed by both sides.

Africa needs to increase investment from 19% to at least 25% of GDP. To reach this level of investment—even positing better policies, higher domestic savings and the return of some flight capital—it is estimated that Africa would still face a financial gap of about $9.5 billion a year. This calculation excludes the added burden of coping with HIV/AIDS.

Filling a nearly $10 billion gap should be no problem, if the donors added $100 billion to their aid levels to reach the famous goal of 0.7% of GDP for ODA. But I am not prone to wishful thinking. I believe the test for donors will be to hold to their current aid levels, while distributing their aid more thoughtfully.

We are in an era where we see how development can take place without reliance on aid. In Latin America and much of Asia profits from foreign trade, steady and large foreign direct investment, growing domestic and foreign borrowings, robust equity markets and substantial domestic savings all are strongly at work. In South India, the home of the largest number of absolute poor of any nation, people now talk about elimination of poverty. Changed circumstances mean that donors are able to act differently in these regions. They are able to spur growth with guarantee schemes, partnership arrangements with the private sector and relatively low-cost technical assistance to the public sector. In other words, donors can keep their solidarity with many other parts of the world, without continued heavy commitments of scarce official development assistance.

Africa does not yet have these other financing options. In the short and medium run, official development assistance remains crucial. If sizable interregional shifts of aid to the poorer countries do not take place relatively soon, the progress in other parts of the world will lead to irresistible pressure to further cut overall aid levels. Let us try to lock in aid quantities.
But we must also improve the quality of aid. From these discussions a new architecture of aid can be identified:

- Mutually agreed-upon goals rooted in the international development targets, or MDGs
- Mutual accountability towards defined outcomes in place of one-sided conditionality.
- Long-term commitments, moving away from stop-and-go relations and restricted project finance.
- Channelling resources through the budgeting process so that aid is fully integrated into overall public expenditures, shifting from narrow preoccupation with aid flows to a more holistic and mutually accountable utilisation of development resources.
- More flexibility in how recipients can use their aid resources.
- Requiring a demonstrated recipient capacity to monitor and manage these flows.

This amounts to a transformation of the aid relationship into a mature North-South partnership, promising more effective development, thus moving away faster from aid dependency as private domestic and foreign resource contributions increase.

Closely linked to aid is debt relief. As I indicated earlier, this forum has been critical in achieving movement on debt relief. We can take this matter further even than the Enhanced Heavily Indebted Poor Country initiative. There is much to say on debt, but let me make only a few observations:

- Debt relief actions are intended to be speedy, but agreements and disbursements still lag.
- The goal should be a lasting exit from the debt problem.
- Relief of heavily indebted countries should entail workable commitments not to build up unsustainable debts again. This puts a premium on grant aid providing real relief.
- Consideration should be given to converting the World Bank's IDA window into a full grant facility.
- The World Bank's annual contribution to IDA could instead be used to fund a substantial foundation to support poverty alleviation strategies, such as micro-credit.
While Africa is on the right path towards debt relief, we must now ensure that the fruits of relief are available as soon as possible. And we must watch out for two problems: aid levels must be high enough to ensure that debt workouts and development can both be sustained; and we must also be on guard against deteriorating terms of trade that would trigger the need for additional emergency support.

With regard to trade we are caught in another vicious circle. We have been badly hit by declining terms of trade and market share for our primary commodities, thus compounding structural weaknesses in our economies, including transport bottlenecks and the failure to diversify and industrialize.

As in the case of aid, there needs to be a way in which poor countries can agree with rich countries in advance on what they can expect by way of trade guarantees over a longer time span, so that this can be factored into the growth equation. Domestic subsidies and other protectionist measures by developed countries must be eased and eliminated as a critical part of Africa’s move from aid to self-reliance. This means that some preferential access, at least in the short run, may be necessary to give poor countries a jump-start. As we heard from the experts last week, the existing preferential access agreements are non-contractual, unilateral and unpredictable in nature.

Building on these issues, a New Global Compact with Africa would have a trade component: in return for market access and preferential treatment for their goods, African countries would undertake to exploit these opportunities fully. The quid pro quo would be for African countries to put policies in place that encourage exports, attract private investment and stimulate diversification. More careful consideration also needs to be given to the pace and timing of trade liberalisation, so that trade is used to stimulate and not to undermine industrial growth and development.

A key feature of the compact regarding trade (learning from the Marshall Plan) would be the inclusion of a requirement that Africa accelerate its progress in regional trade and monetary cooperation. The private sector within Africa and our partner countries have a joint stake in successful regionalisation.

A New Global Compact with Africa would also acknowledge the need for political reform. Politically, we have moved from having only a handful of countries with elected governments to a situation in which the reverse is now the case. We need to forge ahead, in line with international consensus, to move beyond counting ballots to making the links between voting, participation, accountability, transparency and good governance.
We also must more urgently reduce and eliminate conflicts, the great destroyer of development on this continent.

Many of the elements of this proposed compact will benefit from a reformed international financial system that serves all nations, with increasing regard to the poorest. The paper prepared for this meeting by my colleague José Antonio Ocampo brilliantly outlines what the new financial architecture should be. It merits close attention.

Consider this: with little in the way of formal education, a woman entrepreneur in Southern Africa, assisted by an international financial institution, has started a flourishing tourism business. She takes foreign visitors into her modest home, feeds them traditional foods and takes them to the game parks. Her website can claim this to be a truly African experience. Recently, she has also started organizing visits to a neighbouring country.

In official parlance, this woman is running a thriving ethno-ecotourism business enhanced by e-commerce and regional cooperation. Is globalization passing her by? No. With a little outside help, she has found a way of turning what she has—pride in her African identity—into a globally marketable commodity.

May we take heart from this daughter of Africa. May we find the strength to move from our current crossroads. May we seize this moment to move towards a New Global Compact with Africa.
AIDS: the Greatest Leadership Challenge

African Development Forum,
Ådís Abába, 3 December 2000

The African Development Forum is an annual initiative led by the Economic Commission for Africa, to bring together government, civil society, private sector and development partners to focus policies and programmes on a selected development issue in Africa and to establish an African-driven response.

AIDS—The Greatest Leadership Challenge', was the theme chosen for the second African development forum organized by the ECA in conjunction with UNAIDS and other partners. The Forum's aim is to serve as a launching pad for a renewed commitment to more concerted action against HIV/AIDS in Africa. At the time, we felt that there was a great deal of denial about the gravity of the AIDS crisis in many quarters on the continent. Some 1,500 African leaders and policy makers, civil society organisations (including people living with HIV/AIDS), academics, young people and private sector and development partner representatives attended the forum. They discussed the roles and responsibilities that leaders at all levels of government, religious organisations and society had to take to galvanize a stronger African-led response to the pandemic.

In my opening address, I emphasised that we were at a decisive moment in the fight against the disease. I posed three challenges. The first was for each individual to ascertain the elements that would enable everyone to be a better leader in the fight against HIV/AIDS, including how each person could help assure a better life for those burdened with HIV/AIDS and their families. The second was to focus on how to scale up the best strategies, policies and programmes. The third was to take the consensus emerging from the Forum to the highest level of political leadership.
It is clear that this Forum rallied leaders to dedicate more effort to the fight against HIV/AIDS in Africa. The Forum's consensus statement gave impetus to several initiatives and agreements that have been respectively launched and implemented since then. These include the Abuja Declaration on HIV/AIDS, TB and Malaria, by heads of state of the Organisation of African Unity in May 2001, in which African leaders committed themselves to placing the fight against HIV/AIDS as the highest priority issue in their respective national development plans. Additionally, the ADF Consensus led to the formulation of a common African position in the run-up to the UN General Assembly Special Session on HIV/AIDS. There is also a close link between the Forum's call for a major international initiative to meet the funding gaps then identified by UNAIDS and the Global Fund that was created in 2002 to finance the scaling up in the fight against HIV/AIDS, TB and malaria.

Furthermore, we have seen the convening of the UN Commission on HIV/AIDS and Governance in Africa, which I chair and whose Secretariat is based at ECA. This is a UN system-wide initiative, launched in February 2003 by UN Secretary-General Kofi Annan to complement the vital work on transmission and prevention being done by the UN and other agencies. The initiative has been working to chart the way forward in Africa and provide leaders and policy makers with analysis and tools to address some of the key HIV/AIDS challenges facing African governments and societies.
I was a boy when my country, Ghana, achieved independence. I was raised on optimism and the certainty that Africans were destined for a good life. Never in my wildest dreams did I imagine that microscopic bugs could push my whole continent to the edge of the abyss.

You see orphanages, you see villages of graves, you read reports, you meet with people all over Africa whose lives and futures have been turned upside down—and you just have to stop whatever you are doing and reassess. And this is what I have come to believe: this is not our inevitable future. This is a battle for our continent’s survival. We carry inside, each and every one of us, the potential to increase the problem or the potential to help solve the problem. This is not a policy issue: this is ourselves, our families, our communities, our hopes. And this is our decisive moment.

We are in the fourteenth year of our pandemic. Calls to arms have rung out with increasing frequency. The global community met on our continent, in Durban, to define the global problem of HIV/AIDS and to give guidelines for handling the problem. National actions have been taken in some countries, but the pandemic rolls on in most countries on this continent. This cannot continue. Africa must define its own response to this pandemic, and it must respond to the scale of the challenge. This is our decisive moment.

In the past, when the pandemic started, usually one heard the comforting view that few people were perishing from AIDS, compared with so many other diseases. Who can say this anymore, when it is our largest killer? In the past, it was possible to say that the disease was found only in a few countries on our continent. Who can say this anymore, when it is in every country in Africa? In the past, it was possible to say that it was hard to measure the proportion of adults in Africa with HIV/AIDS. Now, with 8.8% of our adult population infected, who can say this anymore?

In the past, it was possible to say that the damage to communities, to economies at large and, indeed, to our whole economic progress could not be measured. But with a current annual reduction of 0.7% of our GDP a year, soon to be a projected reduction of 2% of our GDP a year, who can say this anymore? In the past, it was possible to say that it
was hard to know what to do in order to slow down and reverse the pace of this disease. But with examples of pushing back the spread of HIV/AIDS ranging from Senegal to Uganda, who can say this anymore? This is our decisive moment. And so, we are here. We are here at the second annual African Development Forum, a forum dedicated not to talk but to mobilizing action. In 1999, we began these Forums on topics of concern to all of Africa, beginning with the topic of information and communications technology for development. Out of that Forum came several concrete public and private sector initiatives, a whole series of policy understandings and an upcoming summit of heads of state and government, which will bring home those information technology strategies with the capability of transforming our societies.

On the day in 1999 when the first Forum ended, the ECA and UNAIDS held the first planning meeting for the second African Development Forum. From the start, we took seriously the words of Nelson Mandela, and so many other leaders of politics and conscience, that it is time to move from rhetoric to action.

Our topic is leadership at all levels: within the family, the community, the towns, the provinces, the churches and mosques, the elder’s meeting places and in civil society, business, labour and—uppermost—at the national political level. Leadership which is the boldest, most persistent, most insightful, compassionate, forceful, cooperative and imaginative we have ever had. Leadership to move into the open and to be in solidarity with those who carry HIV/AIDS, who face the most dramatic challenges possible. They have value to us, just as we must have value to them. Leadership to do not just what is right in education, health care and economic support, but to do what is right on the proper scale:

- Leadership to shun, fight and jail those who beat up and rape girls and women.
- Leadership to insist that schools and teachers, as well as communities, teach sex education to all children before they are sexually active.
- Leadership and courage to be human and compassionate.
- Leadership to do the very best we can to improve health systems, especially for mothers and children.
- Leadership to ensure that those with AIDS can work as long as they are able.
- Leadership to make absolutely sure that AIDS orphans will not be lost to this world, but will be given decent and fully supportive chances.

Now: think of all these. Each and every one of the leadership acts necessary to prevent HIV/AIDS and to help those burdened with HIV/AIDS—each of these leadership acts, without exception, are things we want anyway for a stronger, better developed Africa.
Do we want to ensure that African women are empowered to control their own lives and destinies only because we know this will help reduce HIV/AIDS, or because it is right, just, moral and part of the foundation of a society which can advance?

Do we want to start working with the millions of dedicated youth on this continent who will be part of the answers to our poverty only because this will help control the HIV/AIDS pandemic, or because we have so much lost time to make up for in partnering with our youth for a better common future?

Leadership on HIV/AIDS calls for many of the fundamental things we should have been doing anyway. An Africa where all our leaders, at every level, where each of us works for the policies, practices and programs to reduce HIV/AIDS, is, in fact, the Africa we should all be working for anyway. But we must go beyond even this, for we are in a war for survival, where we need to ratchet up all our work to battle HIV/AIDS.

Leadership is being tested now. Leadership of a special kind. There are those who honestly manage the day-to-day tasks of their institutions and governments. These are adequate leaders. Other leaders do more: they spend time inspiring people to be better than they otherwise would be, and to act not only for their own ends but for the benefit of all. These are good leaders.

Then there are leaders who rise to face unusual threats to their people. They search for answers and successes, and when they find them, they scale up the response to the maximum. They surpass even themselves, mustering the energies of the entire population. They crusade for change and reform. They lead by personal example as well as by exhortation. They are selfless. They are dedicated. And they do everything they can to bring success to their people. These are the great leaders. These are the leaders who will be remembered.

To all leaders at every level in Africa, I say, this is our decisive moment. We now face a threat that endangers the survival of our people. It is our decisive moment for greatness.

I have been urged by many to lay into our friends from richer countries around the world, to say that 2.4 million HIV/AIDS deaths a year in Africa, and a total now of 12.1 million orphans, is the footprint of genocide. Some want me to stress that the international response is about a tenth of what it should be to adequately cope with HIV/AIDS. The annual financial gap is now $3 billion and is forecast to grow to $10 billion by 2005. But I am not going to stress this point.
What I am going to stress is that we must show the desperately needed leadership at all levels—here, first. We must have the sequence right. No one is going to save us from this crisis but ourselves. But we also have a right to expect international solidarity when we are taking proper ownership and leadership of this disease.

In my view, this Forum is the start of a major process. There will be immediate pay-offs as new strategies and successes are presented. There will be mobilisation on the African Consensus on HIV/AIDS. There will be follow-up with heads of state and government officials. And there will be a Leadership Challenge to be met by scaling up the national and international partnership against HIV/AIDS in Africa. We must resolve that this Forum will shake the remaining complacency and ignorance about HIV/AIDS.

One northern non-governmental organization, working on a range of development projects throughout Africa, has just announced that 80% of its program next year will be on HIV/AIDS. I look for even more dramatic and important commitments against HIV/AIDS to emerge from this Forum, as we here in Africa finally stop this pandemic in its tracks.

So, I conclude with three challenges: First, from this Forum, find out the things that will enable you to be a better leader in the fight to stop the spread of new HIV/AIDS. Learn how each of us can help assure a decent and a caring life for those burdened with HIV/AIDS and their families. Second, we must all think hard about how to scale up the best strategies, policies and programs. This must not be theory, but action. Third, the consensus from this Forum should be taken up at a Heads of State Summit. Think about holding your own consultations. Invite media, civil society, business, labour, youth groups and women's groups.

This is the time to be decisive. This is our test—and, because we are on the front lines, this is the world's test.
The attainment of food security is at the very core of the quest for sustainable development on the African continent. In that context, I have long held the view that we will never be able to make sufficient progress in reducing poverty until we can first bring about the changes that are necessary to radically improve the productivity of Africa's agricultural sector. During my tenure as Executive Secretary, ECA has therefore vigorously advocated a policy position that calls for significant increases in investment in the rural sector (particularly in irrigation, rural infrastructure and science and technology), policy reforms that can lead to increases in domestic food production and the creation of vibrant rural markets and agribusiness, as well as more proactive responses to the systemic environmental challenges faced by the agricultural sector in many parts of the continent, such as recurrent droughts, soil erosion and floods.

The invitation to make a keynote presentation on the occasion of the commemoration of the 2001 World Food Day in the Netherlands was a welcome opportunity to highlight ECA's perspectives on food security and development in Africa and situate the continent's trends within the larger global context. In particular, I stressed the need for greater emphasis to be placed on agriculture and rural development in Africa by the international community and African governments. At the same time, I emphasised the critical need for better access to markets for African products as well as significant movement away from a situation of high subsidies to producers in Europe and other OECD countries, which has a negative impact on global agricultural prices. I also noted that improvements in agricultural and trade policies were crucial if Europe's overall development policy towards Africa were to be coherent.

Since the address was delivered in 2001 we have seen some changes. African governments through NEPAD are placing a sharp focus on the need to increase investment in the agri-
cultural sector, increase domestic production and the size of domestic markets through greater regional integration. The international community has also pledged to support these efforts. The Communique released after the 2005 Gleneagles G8 Summit, for example, stated that the G8 would strengthen support for African commitments to increase investments in sustainable agriculture. This is a pleasing development but there clearly remains much room for further action to bring the agricultural policies of rich countries into line with the stated aims of their development assistance programmes. As I write, more decisive action from OECD countries to eliminate their huge agricultural export subsidies, that distort global markets, is the key area where progress is needed.
On September 11, 2001, the solidarity of the global community was given a new test when terrorists smashed into the World Trade Center in New York, taking the lives of nationals from 78 countries. I want to express my deep condolences for the many citizens The Netherlands lost in that mass murder.

We have all been deeply troubled, wondering how the many issues of development will fare in an age of heightened security and terror. It is far too soon to know whether African issues will move to the back burner, or whether we will all be seen, correctly, as partners in a new global solidarity required for social and economic progress and strengthened community. It is a challenge for the United Nations, a challenge for leading donors and a new challenge for Africa.

Therefore, it is in a most sombre frame of mind that I join you. Our political climate has become much more difficult, on top of the food issues that are already serious in Africa.

Let me speak about food issues from three perspectives: first, that of nutrition and survival; second, that of production; and third, that of marketing. It would certainly be appropriate for World Food Day to concentrate on the nutrition and survival aspects of food supplies, but as we in Africa consider our relationships with Europe, all three aspects are critical and interrelated.

Let us first turn to food as nutrition and survival. There has been a lot of progress towards increasing the numbers of people who have adequate nutrition. Over the last 30 years the percentage of the population in developing countries classified as undernourished was cut in half, from 37% to 18%. The regional record is dramatic: in East and Southeast Asia the proportion of the population classified as undernourished was cut by 70%. In the Near East and North Africa the drop was 60%; in Latin America the decline was 42%; and in South Asia the drop was 40%. But in Sub-Saharan Africa the story is dramatically worse. Thirty years ago 34% of our population suffered from malnutrition — today that figure is exactly the same.

Since the population in Sub-Saharan Africa has more than doubled in the same period, we now have 100 million more people suffering from malnutrition than we had 30 years
ago. This is bad enough, but our prospects are worse if the current trends continue. The influential International Food Policy Research Institute predicts that by 2020 Africa might have 49 million malnourished children—an increase of 50% over current levels, unless we can change course.

Worldwide, 12.2 million children under the age of five die each year. Fifty-four percent of those deaths are from malnutrition. Jim Grant, the late, distinguished leader of UNICEF, used to talk about the loud crises and the quiet crises. With the sinister work of Al-Qaeda, we are now living through a loud crisis. But the quiet crisis of the death of children from malnutrition beggars the imagination. It is the equivalent in loss of human lives of a World Trade Center disaster occurring every eight hours. No one needs to be told about the loud crises, but we have a major job of public education about the quiet crises.

Just in the last decade there has been nearly a 25% reduction in the deaths of these children in all developing regions of the world—except for Sub-Saharan Africa, where the drop has been only 3%. In absolute numbers the mortality rate for children under five in Africa is two to three times higher than in any other region of the developing world, and 25 times higher than in the OECD countries.

In 1995, the World Food Summit set goals to accelerate the reduction in malnutrition and child mortality. Next month’s meeting in Italy will find that the global reduction in malnourishment is way off schedule. Instead of an annual reduction of 20 million a year of those suffering from malnutrition, a reduction of only 8 million a year is being achieved. If one looks at the list of the countries worst off in terms of nutrition, one can spot the problem. Of the 23 countries where nutrition problems are most severe (defined as having a per capita kilocalorie deficit greater than 300 per day), 19 of those countries are in Africa.

The situation is bad, but not hopeless. Ghana and Nigeria have seen rapid improvements in national nutrition standards. But why is the situation so disappointing in Africa? I think there are three reasons. The first reason is the havoc that military and political instability plays in food production and nutrition. At the top of the list of those countries in Africa with the largest per capita food deficits are Somalia, Mozambique, Burundi, Liberia, Congo, Sierra Leone, Eritrea, Niger and Ethiopia. In all of these countries major military or political destabilization is taking place or has recently taken place. So much progress depends upon peace and security, a perception which every country now feels with fervour.
The second reason is poverty. Some 300 million Africans live on less than 1.5 guilders, or one dollar, a day. Not surprisingly, research by the Food and Agriculture Organization has found a close link between economic status and nutrition. The good news is that even modest economic growth translates quickly into nutritional gain. If you look at microcredit projects, the very first expenditure when there is added income is to assure a second meal a day, or to buy vegetables or fish.

And the third reason is that even good production in a country is no guarantee of lowering malnutrition. Some of the best work on nutrition by African researchers includes tracing each and every step of the production process to assure less post-harvest loss, more efficient milling, wiser distribution policies, food preparation techniques which maximize nutritional value and social safety nets for the poor.

To summarize the situation of global malnutrition, it is increasingly an African problem. We could easily be lulled into focusing too much on the global targets for development and food security. I support the targets, but the very strong progress in other parts of the world, notably in Asia, sometimes obscures the area where poverty and malnutrition is the deepest. Therefore, as you create policies and educate about food as survival, I hope you have both a global and a region-specific perspective.

The second aspect of food that I want to discuss is production. Again I do so with trepidation since this country, the Netherlands, has some of the world's finest experts in production, particularly in tropical agriculture. I think the experts will agree with me that food production trends in Africa have been very disappointing. For the last decade food production per capita has been stagnant, and that is fully reflected in the static proportion of our population suffering from malnutrition.

There are many reasons for this situation. The most worrisome to me is the declining fertility of soil in Sub-Saharan Africa. Very thin soils, small amounts of fertilizer and pesticides and short fallowing periods that deny the soil a chance to recover from hard use result in a continuing erosion of the fundamental basis of agriculture in Africa: our land. We face major challenges in finding economical methods of irrigation, in developing reliable systems of agriculture and in developing the supporting human and physical infrastructure. Behind these challenges are both policy and programme issues. Uganda, Botswana, Ghana and Mozambique are among only a handful of states giving a proper priority to agriculture. But the lack of agricultural priority among African states in facing their production challenges is fully matched by a lack of agricultural priority among Africa's development partners.
Agriculture and rural development have become much less of a priority in donor agencies. Many of us know the reason for this. Evaluation evidence for agricultural projects in Africa has been poor. But rather than gird their loins and redouble their efforts, as risk-taking development institutions should, too many development agencies have read the results and practically quit the field. Well, we can’t quit the field—agriculture is our economic and survival backbone.

Similarly, the marvelous network of international agricultural research institutions, one of which is in this country, is not being given the priority it once had. And far too often, the support in higher education institutions in the West to partner with African centres and to help with African agriculture has languished.

There is a bipartisan effort in the United States between non-governmental organizations and some leading political figures to raise the level of support for agricultural development financed by USAID. I hope that similar efforts will be generated elsewhere so that bilateral and multilateral agencies can again muster their technical talents and financial expertise to focus on agricultural production. It is quite important that in the G8 and other leadership discussions, we help create a climate where agriculture is again given prominence.

Now let me turn to the third aspect of agriculture, that of marketing. Yes, we face policy, production and all sorts of other challenges in our agriculture. But we do produce. And we even have the ability to produce for export. But the world is hostile to our agriculture. The terms of trade for our products have deteriorated markedly in the last decades. If they had not, our per capita income would be 50% higher than it is. For every unit of currency that has flowed into Sub-Saharan Africa as capital inflow, 106% flows out. This outflow is made up of 51% in terms of trade losses, 25% in debt servicing and profit remittances and 30% in leakages into reserves build-up and capital outflows. This puts the terms of trade issue into perspective.

Rapid trade liberalization, structural adjustment, capital account openness and numerous other reforms in Africa have not been reciprocated in terms of better access to markets for African products, particularly agricultural products. Massive subsidies to producers, particularly in Europe, and other forms of protection have hurt us far more than all the development aid has helped. The subsidies of agriculture by rich countries are estimated to be $360 billion per year, which results in a flood of products on the world markets, thus lowering prices worldwide. Not only are Africa’s impoverished economies denied a chance to compete, but also the consumers in the North are denied a chance to have competitively priced food.
While a magical solution would be to drop all the subsidies, we are all realistic enough to know that domestic political considerations do not permit magical solutions. But even a phased-in 40% drop in agricultural trade barriers is calculated to have tremendous mutual gain. By the year 2005 it would provide a gain of $15 billion a year for developing countries, and it would produce a tremendous $55 billion in gain for OECD countries. The gain to you and other OECD countries would arise mainly through the reduction of inefficiencies in your systems. The truly odd thing is that we in the developing countries find ourselves arguing more actively than those in developed countries for you to take steps that will benefit you far more than it will benefit us!

There is a crucial need now, perhaps more than ever, for a coherent development relationship between Africa and Europe. Much of what I have just mentioned highlights an obvious incoherence in Europe’s development policy towards Africa. On the one hand, Europe has repeatedly trumpeted its willingness to help us. On the other hand, it repeatedly restricts our efforts to help ourselves by obstructing our attempts to sell our agricultural products to European consumers. This is akin to giving a drowning man your right hand with a smile, while simultaneously pushing his head under water with your left. The facts speak for themselves. Africa’s share of world agricultural trade is declining, yet the EU still places many obstacles in the way of market access for African nations. The agricultural subsidies which European farmers hold so dear equal Africa’s combined GDP.

In an era when sensible policies have so often been suggested to Africa, let me help return the favour with a few specific policy recommendations for you as members of the EU. The EU’s Common Agricultural Policy is uncommonly harmful to Africa. It will take real leadership to change that policy to one in which the benefits are mutual with developing countries, not just beneficial for your producers.

A similar approach is needed for the Common Fisheries Policy. In the same re-examination there needs to be common sense for sanitary standards in the name of food safety. For example, the new rules on aflatoxin residues could, in theory, save 1.8 lives per billion people, but they already cost African exporters over $600 million per year in exports. There is a whole host of allied policies harmful to Africa, worthy of special political leadership to link the interests of African producers and European consumers.

So we start with something simple like food, and we find a whole set of interlinkages of interests and abilities between countries such as the Netherlands and the continent of Africa. We share concerns about food for survival, we share capabilities and interests
that need to be expanded and made urgent for food production, and we share common fates in terms of economic benefit, for a world in which agricultural trade can finally reap the benefits of interdependence.

But it is not just in the food sector where we are calling for change. Africa needs a new approach from Europe in the negotiations to create a rules-based world trading system under the framework of the World Trade Organization. There are some in Africa with concerns about an open trading system, but at the ECA we believe that substantial welfare gains are obtainable from more open, less distorted markets. Research estimates suggest that the global gains from liberalisation of both agricultural and manufacturing industries are estimated at $123 billion, with most of those gains going to developing countries.

European aid funds have played an important and controversial role in Africa over the years, so it is important that I briefly mention my views on how donor aid can also be linked to a coherent development policy. In the field of aid, there has been too much waste in the past. Europe therefore needs to be more effective in its aid grants. In Africa, we must put our house in order to show that we can use donor funds wisely. The move towards intensified programme support to good performers by the Netherlands' government is therefore a good example of a move towards mature aid relations. To conclude, I would say that a coherent European development policy is one which links trade, aid, debt relief and investment issues to create a holistic framework for financing and supporting Africa's development.
Circumstances have led me to focus the majority of my keynote addresses on particular areas or aspects of development in Africa such as the need for essential economic policy reform to put the countries of the region on track to much needed higher economic growth rates. The emphasis has been very much on a short- and medium-term timeframe. But when I was invited by the International Livestock Research Institute to make the Fifth Annual Peter Doherty Distinguished Lecture, I felt compelled to address longer term issues relating to the critical importance of science and technology in our quest for sustainable development in Africa. It was also an opportunity to draw close policy linkages between the two academic and research fields that have most fascinated me: science and development. The issue of upscaling investment in science and technology in Africa, which has tended to be ignored in policy circles for some time is now fortunately high on the international agenda again.

The ECA has been playing a significant role in this area. Through its advisory and technical cooperation services, the Commission plays an important role in advising African countries—both individually and at the regional level through the NEPAD—on building up the structure and capacity of their science, technology and innovation systems. On the advocacy front, the ECA is vigorously promoting the African Green Revolution as a science and technology platform for sustainable modernization of agriculture and rural transformation (SMART) and a key input to achieving the poverty and hunger MDGs.
Furthermore, the report of the Commission for Africa, on which I had the honour to serve, has also pushed hard for increased investments in infrastructure development and for science and technology in universities and research centres and recommends specific action for strengthening science, engineering and technology capacity in Africa. I am also most pleased to see that the plans to build the Nelson Mandela Institute of Technology, a network of four science and technology institutes throughout Sub-Saharan Africa, are now moving from vision to implementation.
The development of Africa is among the most pressing issues of our time. That's why we have no alternative but to speak candidly together about it. That's why there's no point in pretending that Africa hasn't got very major challenges to face, or that it's going to be anything other than a very tough slog to meet these challenges successfully. I'm going to spend some time outlining these problems so we can have no illusions about them. But I'm going to insist that we can't be defeated by these problems, that the needs of our people are so great that we must move forward and that it is still possible to see a brighter picture in which Africa takes her destiny into her own hands and designs her own future.

What's more, I'm in charge of an entire organization in Addis Ababa that is dedicated to nothing less than helping make this future possible. But it can only happen if Africa harnesses science and technology for sustainable development.

I'll try to convey my idea of sustainable development and why it has declined in Africa over the last 30 years. I'll argue that sustainability is a direct function of institutional development, human and physical capital accumulation and productivity. I'll indicate a few of the most critical challenges Africa must address to achieve sustainable development and a better life for its citizens. Then I'll suggest how new technologies can help respond to these challenges.

I don't intend to present these technologies, formidable as they are, as panaceas. In fact, I'll show that we can do much more to address many of Africa's problems with existing and conventional technologies. Finally, I ask the all-important question: 'Who's going to do all of the things I recommend?' The answer, as you'll soon hear, involves all of us—African governments, civil society organizations, NGOs and Africa's development partners.

Let me turn first to the concept of sustainable development, a phrase that's frequently thrown around but not always grasped. From my vantage point as a development economist, sustainable development is easy to explain but substantially more difficult to realize. Basically, it is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It is a pattern
of development that ensures a steady enhancement of well-being over time. It requires structural changes that lead to enduring widespread improvements in the quality of life of a society. So, I'm not talking about the latest development fad or easy election-time promises. Sustainable development requires a systematic, carefully coordinated, interconnected series of policies and strategies that will improve people's lives in a progressive, irreversible, palpable manner.

With this concept in mind, how has Africa fared in the last 30 years? Have we developed, and have we developed sustainably? Not long ago, my colleagues at the ECA developed some indices to answer these questions. We used cluster analysis to classify 38 African countries into three relatively homogenous groups. We categorized them as high sustainability, moderate sustainability and low sustainability. Overall we found sustainability in Africa to have worsened.

Looking at the decade between 1985 and 1994, we found that no African country achieved high sustainability and only a few achieved moderate overall sustainability. But most fell into the cluster of low sustainability. What we discovered was that while significant progress had often been made in health and education in this period, these gains were offset in many countries by poor governance and conflict. At the same time, in many large African countries, population density and environmental hazards increased substantially.

Between 1995 and 2000, the number of countries with low sustainability remained about the same. In many of them, large population increases were accompanied by the deterioration of economic, institutional and environmental management. We then ranked countries by their average overall sustainability score for all of 1975–2000. Mauritius, South Africa, Botswana, Zimbabwe and Tunisia emerged as the top five, while at the bottom were Burundi, the Democratic Republic of Congo, Guinea, Chad and Burkina Faso.

We were not surprised by these results. South Africa's large industrialized economy set it apart from other African economies, while Mauritius and Botswana were the star economic performers. Both these countries also ranked as the top two in institutional sustainability. On the other hand, all of the top five ranked poorly in environmental sustainability. What does all of this research mean?

There are a few key lessons here. First, countries with higher sustainability also tend to have more stable governments. They have little or no conflict (with the exception of South Africa until the 1990s and Zimbabwe until recently), a military with little or no role in
political matters, lower corruption, higher quality bureaucracies, higher saving rates and higher per capita spending on health and education. Next, it is possible for countries to do well for a while without giving consideration to environmental factors. Ultimately, however, there is no question that they will suffer the consequences of such neglect. Finally, national efforts to achieve sustainable development should emphasize productive capacity and its key determinants—institions and human resources. All countries need the rule of law, civil and political rights, high quality government policies and agencies and effective mechanisms of conflict management.

As you can see then, to have a chance of succeeding, the sustainable development that Africa needs must have three dimensions: economic sustainability, environmental sustainability and institutional sustainability. I hope the implication of this analysis is clear enough. The fact is that we know what we need to achieve the goal of sustainable development. But I don't pretend it will be easy. There are at least six critical challenges that we must address and cure if we are to have a chance at success.

Let's begin with the most fundamental development challenge in Africa today: poverty reduction. Although the data are widely known, let me remind you of some of them. They are, frankly, both dispiriting and embarrassing. With 4 out of every 10 people living on less than US$1 per day, Africa is the poorest continent, despite being one of the most richly endowed. The continent includes 25 of the world’s 30 poorest countries, and Sub-Saharan Africa is host to 32 of the 48 least developed countries. Worse, poverty has gained in numbers, affecting 50% more Africans over the last 14 years. The number of Sub-Saharan Africans currently living below the poverty line (more than 180 million people) is expected to exceed 300 million by 2020; these are people without adequate access to food, housing, education and health care. Overall, while the world may meet the Millennium Development Goal of cutting the proportion of people living in poverty from 22% today to 11% by 2015, Africa will likely be stuck at around 37%—more than three times the projected global average. The stark reality is that Africa is not even able to feed itself, and must rely on 3.23 million tonnes of food aid a year to stave off starvation.

Without any question, the key to reversing this trend is agriculture. Yet African agriculture displays the lowest yields in the world. Less than 6% of Africa's arable and permanent cropland is irrigated, compared with an average of 33% for Asia. The data are even worse if we look only at Sub-Saharan Africa. It's only too obvious that African agriculture has failed to keep pace with human population growth, and in most cases, it has actually underperformed compared with the pre-independence period.
Sub-Saharan Africa is the only major developing region where per capita food-grain output has declined over the last four decades. In the few cases where high per capita production is observed, growth is mostly a result of area expansion, with yield increases accounting for less than 2%. Overall, to underline this unhappy reality, Africa today depends on imports for 25% of its food grain requirements.

There is yet another reason Africa must fight poverty through an agricultural revolution: I refer to the spatial distribution of population and poverty, and to the structure of the majority of African economies. Despite the exponential population growth in most Africa cities and that we've all experienced, three-quarters of all Africans still live in rural areas. Some 70% of all poor Africans are rural and, despite rapid urbanization, we expect that a majority of the poor will still be rural in 2020. Directly or indirectly, the income and livelihood of almost the entire rural population depend primarily on agricultural enterprises.

On top of this, we know that urban poverty and rural poverty are interlinked with rural-urban migration. To sum up, then: For the majority of African households today, domestic food and agricultural production, processing and marketing remain the overriding determinants of overall income and availability and access to food.

Let me make a related point that should be self-evident but is not adequately taken into account by policy makers: serious agriculture cannot be practised by people who are unhealthy and who must spend a large proportion of their income and time fighting old and re-emerging diseases that are savaging the workforce and directly affecting food security throughout the continent. To improve agriculture, in other words, it is imperative that we also combat ill health.

The situation is extremely disturbing. On the major health problems of our time, Africa leads the world. Eighty percent of infectious diseases are found in Sub-Saharan Africa. Malaria alone kills 2 million people and reduces the GDP of Sub-Saharan Africa by 1% every year. Tragically, we have seen the re-emergence of tuberculosis, a disease of the poor, which is causing havoc throughout the continent, not to mention infectious diarrhoea, pneumonia, whooping cough, polio, measles, river blindness and sleeping sickness. Infant mortality in the continent stands at 103 per 1,000, compared with the average of 8 per 1,000 for the developed world.

And then there is the scourge of HIV/AIDS. Of the 36 million people infected worldwide with HIV/AIDS, more than 72% reside in Africa. Despite the high profile of the
pandemic, I'm not at all sure that we've yet begun to grasp its extraordinary impact on all aspects of development and, in particular, food security. This lethal virus has actually changed the demographic profile in many countries of Africa, particularly those south of the Sahara. Over time, population age structures in these countries are being transformed from a pyramid with a wide base to one with a shrinking base and a more rectangular shape. As older age groups grow larger than the younger age group, the pyramid becomes more like a column—call it the population chimney.

In short, the sharp rise in HIV/AIDS-related deaths among young adults of both sexes has shrunk the base of the pyramid. There are now credible estimates that the economies of Southern Africa could be devastated by 10 million AIDS deaths in the next 15 years. In at least 15 Sub-Saharan African countries, the population is expected to be as much as 3.8% smaller in 2005 than it would have been without HIV/AIDS, with the working population the most affected. The disease also reduces GDP growth in Africa by an estimated annual average of between 0.5% and 2.6%, while a recent study indicates that by the end of the current decade, AIDS could reduce South Africa's GDP by 17%—the equivalent of US$22 billion. These are stunning figures, almost impossible to contemplate.

In most parts of the continent, and in Southern Africa in particular, HIV/AIDS is not just making a severe food crisis worse, it is the main underlying cause of the emergency. Farming skills are being lost, agricultural development efforts are declining, productive capacity to work on the land is declining and household earning power is shrinking. Rural communities bear a higher burden of the cost of HIV/AIDS, as many urban dwellers and migrant workers return to their villages when they fall ill. So while the number of productive family members decline, the number of dependents grow. At the same time, household expenditures rise to meet medical bills and funeral expenses. These realities endanger both short-term and long-term household food security.

As is so often the case, the food insecurity pattern also presents a gender dimension, as the burden falls most heavily on women. Women are, after all, the ones who care for the young, the old, the sick and dying. It's women who nurture the social networks that help societies share their burdens. And it's women's expert knowledge about alternative foods that keep families going during times of drought. Yet with HIV/AIDS rising dramatically and disproportionately among women, that lifeline is being threatened. What this means should be obvious to everyone: African women must be put at the heart of the fight against HIV/AIDS.
Let me now move beyond the agriculture sector, because HIV/AIDS is dangerously escalating a crisis of governance as well, in ways that are just beginning to be understood. For example, although this is not widely known, it's directly impacting national security in many African countries, where members of the armed forces are disproportionately affected by the virus. The education sector is losing its teachers, the health sector is losing its doctors and nurses. Commerce and industry are losing their managers and engineers; while government ministries are losing the very personnel responsible for planning and programme implementation. Seen in this regard, the loss of human resources is a development crisis of catastrophic dimension, challenging all of us to unprecedented efforts. And yet many African countries remain ill-prepared to deal with this crisis and its cross-cutting consequences, partly for economic reasons, but largely because of weak or nonexistent governance structures.

I've been outlining some of the daunting challenges that confront Africa: poverty reduction, poor health, human capital development, food security. Now let me turn to the matter of meeting these challenges. First, let me discuss a very recent development at the ECA. For many years, I have personally been profoundly concerned by the threat posed to Africa by HIV/AIDS. That was why I was so gratified when I was recently asked by UN Secretary-General Kofi Annan to convene and chair a high-level commission to investigate the challenges to governance posed by the HIV/AIDS pandemic. I've already begun bringing together a group of eminent African and non-African experts, as commission members. I've also been setting up teams of leading specialists to study the impact of HIV/AIDS on the economy, public service, food security, military, business, and on the family—especially women.

In my view, technology holds many of the potential answers to our problems. To put it starkly, it seems to me that the situation in Africa today calls for nothing less than a new technological regime. And I further consider that such a response is urgently required if we have any chance at all to meet the basic Millennium Development Goals of reducing poverty, hunger, illiteracy, diseases and lack of access to clean water and sanitation. Technology is required to meet the challenges of globalization, productivity and international competitiveness. In the real world of the globalized economic environment, African countries must improve their competitiveness not just by relying on their low labour costs, but also by improving their technological levels. In short, harnessing science and technology is the key to facilitating the transition to sustainable development.

It is hardly breaking news that as we settle into the twenty-first century, science and technology have become pervasive in all sectors of human endeavour. They shape the
way we grow our food and eat it, the way we dress, the way we travel, the way we learn and work, the way we communicate and the way we make war and peace. In the last century alone, science and technology generated more knowledge than in all the previous epochs of human existence put together. Hundreds of millions of people have already enjoyed the fruits of this explosion in enhanced health, education, life expectancy, reduced maternal mortality, labour saving devices and entertainment.

And yet it appears that this is only the beginning. The line between science and science fiction is becoming blurred, and non-experts like me can only watch with awe. In the twentieth century, humans were intelligent observers of nature. In the twenty-first century, we are changing it. In the twentieth century, we depended on natural resources for wealth. In the twenty-first century, we are creating wealth by mastering the three revolutions of physics, information intelligence and biomolecular science, and the way they converge.

Everyone knows that the quantum leaps of the twentieth century will accelerate more rapidly in our own time. New discoveries (science) and their applications (technology) are going to drive agriculture, medicine and income growth and produce new materials in ways we can barely imagine. Fearless forecasts predict that by 2020 we’ll have computers that we can wear, cars that can see, precision agriculture, health implants and bionics. We’ll be able to create and manipulate intelligence on demand. We will have the awesome, almost frightening, ability to repair and manipulate life rather than simply watching it. We already have crops that produce greater yields, and soon those crops will resist pests and diseases while offering positive nutritional, health and environmental attributes. In the twentieth century, we found a way to curtail mother-to-child transmission of HIV/AIDS and to slow down the virus with anti-retroviral drugs. In the twenty-first century, it is not unrealistic to expect that a potent vaccine will be developed against HIV and other diseases which decimate our human capital.

This is a perfectly plausible snapshot of the future which awaits the world through innovations in science and technology. I say ‘the world.’ But for us, the real question is clear: Where does Africa stand in all of this? And the answer, I fear, is that for Africa, the future is still too far away.

The United Nations Development Programme has produced a technology achievement index. It measures technology creation, technology diffusion and the human skills that go with harnessing technology. The index rates Africa poorly: of five categories, no African country is in the highest two. Four are in the middle category, five are in the second
to bottom category, described as ‘marginalized’ technologically, and all the rest—the other 46 African countries—land in the bottom category, dubbed ‘below marginalized.’ Look what this means in practice. Compared with other developing regions of the world, African agriculture is substantially low level and undercapitalized:

- Barely 6% of Africa’s arable and permanent cropland is irrigated, compared with an average of 33.3% for Asia, 25% for India and 47% for China.
- Fertilizer use per hectare of arable land in Africa stands at only 8% and 20% of the levels reached, respectively, in Latin America and Asia.
- Relative to Africa, the number of tractors per thousand hectares of arable land is nearly three times greater in Asia and eight times greater in Latin America.

Let’s look at some other important indices:

- Africa is still at an earlier stage of scientific and institutional development than India was on the eve of the Green Revolution almost three decades ago.
- In a typical developed country, there are about 2,000 scientists and engineers in research and development per 100,000 people. The three leaders of Africa in this category—South Africa, Egypt and Gabon—have one-half to one-eighth that ratio. In the rest of Africa the numbers range from 3 in 100,000 in Senegal to 21 in 100,000 in Uganda.

I’ve been candid about the many tough and frustrating challenges that Africa faces. But we must not allow ourselves to despair and give up—I’d argue that we simply are not allowed to give up. For myself, I continue to see real opportunities as well as the tools to turn those opportunities into realities. I see an Africa that learns to take advantage of new technologies without throwing away the lessons and opportunities of the existing conventional ones.

In my view, there are two aspects of modern technologies that are directly relevant to solving Africa’s most critical problems. These are biotechnology for health and agriculture, and information and communication technologies—ICTs, as they are universally called—for many aspects of sustainable development.

Biotechnology is a mindboggling collection of techniques or processes that employ organisms or their units to develop useful products and services. If I understand it properly, traditional biotechnology includes plant and animal breeding and the use of micro-organisms and enzymes in fermentation, control of pests and preservation of
products. Modern biotechnology refers to the use of recombinant DNA techniques—the transfer of genetic material from one organism to another—and the detailed analysis of genetic information of organisms. The traditional and modern are sometimes used together, as in the use of recombinant enzymes and genetic markers in fermentation and animal breeding.

According to the latest research, in 1992 the biotech industry employed fewer than 100,000 people and generated $8 billion. By 2001 it had exploded, employing 190,000 people and generating $35 billion. The number of modern biotechnology drugs and vaccines increased from 23 in 1990 to over 130 by 2001. About 350 biotechnology-derived drugs and vaccines, targeting over 200 diseases, are in clinical trials. The genetic material of a number of organisms, including mosquitos and malaria-causing organisms, have been either sequenced or decoded.

Biological catalysts or enzymes are now used in almost every industry, especially in food processing, leather and textile, personal care, pharmaceuticals and cleaning. About 600 catalyst products and 75 enzymes are presently used. At the same time, the area of farmland planted with transgenic crops has increased from about 3 million hectares (in 1996) to about 53 million hectares in 2001.

Micro-organisms and plants that either remove or degrade toxic compounds have also been used to reclaim wastelands, while many firms have successfully used biotechnology techniques to decrease energy and water consumption, improve productivity and reduce the time involved in processing. All of these techniques can lead to an improved environment, sustainable use of resources and increased productivity.

Unfortunately, while the realities of agriculture and health in Africa make the case for urgent use of biotechnology, the region is still seriously lagging behind on the biotech map. In fact, the main beneficiaries of the current biotechnology revolution are developed countries, which have nothing like the food security and health problems that face Africa. The United States, Canada and Europe, for instance, account for about 97% of global biotechnology revenues, 96% of persons employed in the biotechnology industry and 88% of the total biotechnology firms. I don’t mean that the case for developing countries is entirely hopeless. In the last six years, for example, the areas planted with transgenic crops in developing countries grew from 1.2 million hectares to 14 million hectares. But the truth is that as of 2001, of seven developing countries growing these crops, South Africa was the only African country.
I don't want to concentrate here on biotechnology alone. Let me also indicate my continuing faith in older, conventional technologies. While we are no longer in doubt about the benefit of biotechnology for Africa, the fact is that many of these technologies may not be readily available for a long time to those who need them most—the farmers and those suffering from HIV/AIDS, malaria and tuberculosis. I want to emphasize that there are also legitimate concerns about several important aspects of biodiversity, including biosafety, which I don't for a moment want to underestimate.

In a way, these are the best arguments for sticking with what works in existing technologies. As aptly demonstrated by Gordon Conway in 1999, agro-ecological technologies work. There are well established technologies that successfully enhance soil productivity. We have bio-control strategies that can get rid of many of the bugs that destroy cash crops, as well as seeds that are insect-resistant. I don't mean that all older technologies are as effective as they can be, and in fact we know that many of them can be complemented with new biotechnologies to make them substantially more productive. These are common sense ideas that should be possible to implement.

Let me turn now to another form of technology that points to light at the end of the tunnel for Africa. I refer again to ICTs—information and communication technologies—with their remarkable capacity to help tackle problems ranging from poverty to economic stagnation and from good governance to environmental degradation. There is increasing evidence showing a correlation between communications, on the one hand, and GDP, investment and growth on the other. While it's not possible to establish a direct causal link between ICT availability and increased income, it's now beyond question that a positive association exists between ICT and economic growth.

Put it another way: the research amply establishes that the absence of information and information technology correlates directly with the world's highest instances of poverty. The equation is quite simple: information brings access to resources as well as to opportunities that generate resources. In the information society, the information-poor are also the resource-poor, while countries with the highest incomes are also the most information-rich and ICT-developed.

That's why increases in information resources should also lead to poverty reduction, and why poverty reduction strategies must involve increasing access to information for the poor. There are countless African success stories related to ICT. Real progress has been made in many countries. Consider the following specific examples:
• Manobi-Senegal, a commercial partnership between French and Senegalese entrepreneurs, allows farmers to avoid middlemen and check food and goods prices by mobile phones before going to the market.
• Nakaseke Telecentre in Uganda uses custom-made CD-ROMs to help rural woman with limited literacy to raise their incomes.
• In Budalangi in Kenya, through a project called CyberHost, women operate a successful Internet-based village post office 45 kilometres from the nearest government post office.
• Virtual security guards in Cape Verde are guarding office buildings in Boston.
• Sole Comfort, through ecosandals.com, employs the poorest of the poor in Kenya, using the internet to sell sandals made from tires.

Truthfully, I could expand these examples many times over. But I’m sure the point is clear enough.

There is also great ICT potential to promote good governance in Africa. E-governance, as it’s naturally being called, can help in streamlining the delivery of public services, improving internal management, and increasing citizen participation in governance and public forums. We know that ICT can help African countries to reform their public sector and to democratize initiatives aimed at transparency, efficiency, accountability and better resource management.

Well, that’s the way Africa can move forward. There’s no hidden agenda: this prescription is becoming pretty familiar. So now we come to the really hard question: Who’s going to do all of this? Who’s going to take the initiatives and design the necessary strategies? Let me answer by telling you a short story about some mischievous young boys who set out to embarrass the village wise man.

The boys wanted to prove that the old man was just as foolish as all the others. They went to him with a bird, and asked him if it was dead or alive. If he said it was dead, they would let the bird fly; if he said it was alive, they’d wring its neck and kill it. One way or another, the old man had to lose. “Old man,” they said, “is this bird dead or alive?” The old man took a good look at the boys, paused for a long time, and said thoughtfully: “Young men, it is in your hands.”

So, my friends, it is in our hands, all of us. The sustainable development of Africa is in our collective hands.
Last year, our ECA team published a report called ‘Harnessing Technologies for Development.’ In it, we called on African governments to take a number of specific steps. Let me mention a few of them:

- Promote African-focused biotechnology research that emphasizes ‘orphan crops,’ particularly cassava, millet, sorghum, sweet potato and yams, and other cereals such as maize, rice and wheat.
- Develop African-owned biotechnology policies that involve all relevant stakeholders in the formation of national plans, including civil society, the private sector and farmer organizations.
- Establish national regulatory institutions for risk assessment and management.
- Increase investment in modern biotechnology research.
- Promote public/private sector partnerships in modern biotechnology research.
- Strengthen the linkages between modern crop biotechnology and its use in practical plant breeding.
- Promote regional approaches to biodiversity as a way of maximizing scarce resources.

From the experience of African countries that have deployed genetically modified crops, we know that success depends on the extent to which countries have pursued these options. And that means an active facilitating role for governments. If Africa is not to miss the biotechnology revolution (as it missed the benefits of the earlier green revolutions), then governments have to take the lead. Governments throughout Africa simply must refocus their attention on agriculture.

The same is true for ICT. Careful government intervention is required to realize the great potential of ICT to help meet the problems of poverty, economic stagnation and environmental degradation. Governments must compensate for the lack of technological capability, skill capacity and supporting infrastructure that characterize so many African countries. It’s up to governments to provide the enabling environment through policies that encourage innovation, investment, access and skills development, strategies and transparency.

It is important to establish national ICT strategies and to promote policies that stimulate direct investment. These policies must be able to enhance private sector investment in infrastructure, promote technology transfer, create jobs, build capacity and enhance international partnerships. Education policy should be geared to providing students not only with an appropriate understanding of technology, but also with applied skills
and market-specific technological knowledge. Governments should also integrate innovation, science and technology with overall development policies—in other words, mainstream it. There are many practical examples of this happening in various African countries, and they can easily be emulated. As in so many other areas, the issue is not how to do something, but having the will to do it.

Let me spell out clearly what I'm trying to say, so it's unmistakable. What Africa needs is nothing less than leadership and democratization. If we're going to truly mobilize science and technology for sustainable development, all key stakeholders must be involved in both policy formulation and implementation. That's the way we avoid academic and elitist policies. That's the way we define and strengthen the role of public institutions, international partners, universities, NGOs, women's organizations, civil society and the private sector. And that's the way we ensure that policies are tailored primarily with a view to meeting the specific needs of end users and clients.

Finally, I must not fail to add the very important role for international partners. In the 1960s and 1970s, agriculture and agricultural research was a growth industry for partners. But it was then jettisoned—a very serious error. We must now urge our partners to give it the very highest priority once again. We need to make our partners realize that support for poverty reduction strategies and the Millennium Development Goals rightly begins with aggressive support for agriculture and agricultural research. They need to understand that OECD agricultural subsidies must not be allowed to stifle, discourage or kill productivity in Africa altogether. They should increase support for international research institutions such as the International Livestock Research Institute, the International Institute of Tropical Agriculture, and the International Water Management Institute Centers of Excellence as well as centres of excellence in African countries. They should pay greater attention to the HIV/AIDS pandemic, and invest far more funds in research related to the diseases of the poor.

Let me re-emphasize that in the pursuit of sustainable development for Africa, our international partners have an indispensable role to play. In addition, Africa cannot afford to miss the opportunities that science and technology are now offering. It's all there in front of us—the time for speeches is past. It is, in the end, in our own hands.
Governance and Development in Africa: the Critical Nexus

The Sixth Andrew Young Lecture of the Africa Society of the National Summit on Africa, Washington D.C. 18 February 2004

I have long held the view that the creation of capable states is one of the most fundamental challenges in Africa today. A capable state is one in which peace and security are guaranteed and sustained. Without peace, there can be no long-term development. And without good governance, there is seldom peace. Seven years ago, I began making this subject a core pillar of my numerous public statements on African development and began to assertively advocate for good governance on the continent. At the same time, ECA, working in close collaboration with several major partners, such as the United Nations Development Programme (UNDP), was instrumental in the convening of the African Governance Forum, which focused (largely) on matters of advocacy, advisory services and capacity-building to promote good governance policy and practices.

As a result of our engagement in this process, the ECA went a crucial step further and significantly revised the element of its work programme dedicated to governance issues and initiated an innovative project on the theme of 'Measuring and Monitoring Progress towards Good Governance in Africa.' The project sought to ascertain current public perceptions of the state of governance in the region. By placing strong emphasis on local and national surveys, and incorporating the views of a wide cross-section of society, it aimed not only to take a snapshot of the perception of governance in various countries, but also to highlight key capacity deficits and encourage the sharing of intraregional experience and knowledge on the challenges to good governance. It has since become a key aspect of the ECA's work and was the focus of the fourth African Development Forum (ADF IV) in 2004. Research and analysis emanating from this study also formed the basis for the first African Governance report (AGR) published in 2005.
The invitation to deliver the fifth Andrew Young Lecture in February 2004 offered an excellent opportunity to highlight the main findings of the ECA’s governance study for the first time. The lecture thus drew on this ground-breaking research, in order to review how far we have come and pinpoint the outstanding constraints faced. I noted that, overall, governance is getting better in Africa and that the situation across the continent is markedly different from that a decade ago. However, I also emphasised the pressing need for a bold and innovative programme to effectively develop and use Africa’s governance capacity. I am pleased to note that the ECA’s proposal for the formulation and implementation of a new comprehensive governance capacity building programme in Africa was endorsed at ADF IV and that a cross-section of influential African stakeholders and development partners, including the World Bank, are now working closely together to make this a reality.
In the wake of September 11th, many citizens of Washington, D.C., and this great nation see the world as radically altered. Understandably, there is alarm, both here and around the globe, about the role of failed states in these troubling times, and a desire to limit any dangers they might pose for our collective security.

Trust me, we in Africa know all about failed and collapsing states. But we do not believe our challenge is to manage failed states; we believe that our challenge is to create capable states. A capable state is one in which peace and security are guaranteed over a sustained period. Without peace, there can be no long-term development. And without good governance, there is seldom peace.

The capable state creates an enabling political and legal environment for economic growth and promotes the equitable distribution of the fruits of growth. But growth must also be coupled with policies that deliberately attack poverty and promote education, health and social safety nets. This requires sound macro-economic management, institutional reform and investment in human resources development. Sustained poverty reduction results when growth is equitable. And the best way to achieve that is by building strong forms of democratic governance at all levels. The capable state deals head-on with corruption, which impedes development and minimizes the ability of governments to reduce poverty. Finally, the capable state builds an enabling environment for the private sector to generate economic growth, jobs and income. At the core of this is political and policy stability and a fair and consistent application of the rule of law.

The good news is that we are making progress. Indeed, this is a key finding of my organization, the Economic Commission for Africa, in its first continent-wide study to measure and monitor 'Progress towards Good Governance in Africa.' We have collected massive survey data in 28 countries so far. Over the next year, we will include 12 more countries in our study. In each country, we worked with a local research institution that conducted the polling and presented its analysis to us.

We used expert panels composed of carefully selected groups of about 100 people per country, with an informed opinion on governance. These panels were drawn primarily from the professional classes, academia and civil society and from among a wide spread
of ethnic and geographical backgrounds. We conducted household opinion polls in roughly 2,000 households per country, representing a true cross-section of society: rural and urban, poor and middle class, educated and illiterate. In each country, our findings were reviewed with government officials, civil society and other stakeholders in order to promote buy-in and consensus.

Given the richness of our findings, and knowing how popular polling data is in Washington, I will refer to the survey as I highlight four positive trends in Africa: democratic transitions, political inclusiveness, voice and accountability and economic management.

In the area of democratic transitions, many African countries have made significant strides, evolving from authoritarian or military regimes to more democratic dispensations. We see a new social pact emerging, where state institutions and processes are gradually being reconstructed to promote the values of good governance. Indeed, elections have become the only acceptable basis for choosing and alternating leadership.

Recently, in Benin, Ghana, Kenya, Madagascar, Senegal and Zambia, incumbent regimes have all been defeated in multi-party elections. More than 10 African countries are going to the polls again this year. From our findings, the average voter turnout rate in general elections is nearly three-quarters of the registered population—an exceptional figure compared with any region of the world. And, I dare say, even significantly higher than in many older democracies. Most Africans polled found the electoral process not only credible, but also transparent. Further, a clear majority of all experts in the 28 countries we surveyed reported that their nation’s political system permits competition and pluralism.

We have also entered an era of greater political inclusiveness. The majority of Africa’s experts believe that the democratic framework for conducting politics is accepted as legitimate by all social and political groups. Constitutions are being rewritten all over Africa, involving widespread consultation with civil society. Examples are found in Kenya, Nigeria and Zambia. Uganda has also gone through a similar process.

Fortunately, many African countries are increasingly seeking to ensure that the executive and legislative arms of government reflect the profile of their people in regional, ethnic, racial and religious terms. For example, Nigeria has adopted the principle, which is enshrined in the Constitution, to accommodate the country’s diversity in all state appointments.
It is also now more widely accepted that women's perspectives are needed at all levels of decision-making if we are to achieve our sustainable development goals. Thanks to their unprecedented recent participation in politics, women have increased access to positions of power in all spheres of public life. In four of the 28 countries in the our study—Mozambique, Namibia, South Africa and Uganda—women occupy over 25% of national parliamentary seats, while in another 14 countries, representation is between 17% and 23%. The South African cabinet is composed of 30% women. And at the highest level of African governance, half of the commissioners of the African Union are women.

But we mustn't get caught up in the numbers game. We know that women's empowerment requires a lot more than increasing their numbers in the political ranks. We must continue to change the mindsets that have slowed progress towards genuine empowerment of women. The Economic Commission for Africa is doing its best to make a significant technical contribution in this area. We have devised a unique African Gender and Development Index as an analytical tool to measure progress in addressing the inequalities that exist between men and women. It focuses on access to education, health services, employment and resources, and on levels of political participation and representation. This will help governments monitor their commitments and improve their policies and programmes to better close the 'gender gap.' We are also helping countries make their national accounts and budgets more gender sensitive with a view to aligning public expenditures with pro-poor—and pro-women—objectives.

Regarding inclusiveness, we must also pay much more attention to the needs of the youth. In many countries, half the population is under 25. In Ethiopia, the proportion is nearer to 60% of the population. Tragically, the youth are still marginalized, both in terms of formal participation in politics and in influencing public policy in vital areas such as HIV/AIDS, education and job creation. The key challenge is how to mobilize and harness young people's energies and transform governance systems in order to grant them genuine representation. But we also need to give young people a real chance to find decent and productive work, and hope for the future.

On average around nine million new entrants come into Africa's labour market each year. Many of these are young people, the majority in rural areas. Figures for 2000 show, for instance, that over half of South Africa's youth were unemployed. Therefore, ways must be found to make agriculture an attractive employment option for our youth, to equip them educationally to be entrepreneurs and to create an environment for micro-enterprise to flourish. If we fail, we may reap a whirlwind of disappointment, worsening poverty and social disorder.
The third positive trend is towards expanded voice and accountability. New and various avenues are being created to allow citizens to participate in the political process and express their demands, without fear of retribution. This is in turn making the government more responsive to its constituents.

In our study, we found that most governments in Africa are expanding the political space for non-state actors to participate in various aspects of public decision-making. As we all know, the process of democratization in Africa has induced the explosive growth of civil society groups who have emerged to promote and defend various interests. Fortunately, over half of the experts polled believe that civil society is encouraged by government to function independently. Another third felt that they are allowed to function independently albeit subject to being shut down over extreme sensitivities.

Perhaps more importantly, 39% of experts surveyed felt that civil society contributed effectively to the promotion of accountability and transparency in government. Meanwhile, 35% thought that civil society organizations contributed at least moderately to promoting accountability and transparency. In Mali, for example, when submitting proposals to the Council of Ministers, each minister is required to submit a list of non-governmental actors consulted in the process of policy formulation. And, in northern Mali, local FM stations broadcast the annual evaluation of commune performance and its consequences for capital budget support. It is said that following these broadcasts, the mayors of poorly performing areas whose grants have been reduced, often hide from their constituents to avoid recrimination!

Indeed, the media are now widely acknowledged across the continent to have an important role to play as a public watchdog in exposing corruption and checking abuses of power. They are also prominent in defending human rights and upholding democratic transparency through the effective monitoring of elections. Back home in Ghana there are now more than a dozen newspapers (with 10 independently owned), 40 radio stations (only two of which are state-owned) and two of the three television stations are private. How things have changed! Less than a decade ago, we only had state broadcast media channels.

Increasingly in Africa, governments are also putting into operation mechanisms and processes to check executive power. However, it is fair to say that the residual norms and patterns of behaviour from the post-independence era of the ‘Big Man’continue to haunt some countries. As I have already stressed, it takes time to build a capable state. That said, the executive branch in many countries has, on its own, undertaken measures
to ensure checks and balances both within its own institutions and in the wider governance system. The creations of watchdog agencies such as the ombudsman and inspector or minister of governance are significant examples of these initiatives. Other countries have established independent auditor-general offices, charged with enforcing leadership codes of conduct, investigating decisions that might involve fraud, and generally promoting good governance in the country.

The legislature and the judiciary are the other institutions that exert oversight pressures and demand accountability and transparency from the executive. However, the necessary transformation in these areas is still at an early stage. Less than half of the experts surveyed (46%) perceived their legislators as being above corruption and always being effective in holding the executive accountable. A significant minority in the countries surveyed, nearly 20%, however, felt that their national legislature was completely corrupt.

The view of the judiciary is no better. Only a third of the experts in our survey felt that the system was above corruption. And 26% felt that it was hardly independent of other branches of government. Necessary organs that should be entrenched in law include strong and active parliamentary committees, such as the finance and public accounts committees, which oversee accountability for the expenditure of public funds and scrutinize and monitor agreements with domestic and international financial institutions.

But there are efforts on the ground to deal effectively with these critical challenges to good governance. As an example, several governments have established anti-corruption commissions. The case of Kenya is an outstanding model. A year after wresting power from a long entrenched government, the new ruling party has been seized with a genuine fervor to prosecute those who siphoned state funds. New legislation has established the Kenya Anti-Corruption Commission. Twenty-three judges currently face tribunals to answer charges related to corruption, and Nairobi’s mayor has been asked to resign or face wide-ranging embezzlement charges.³

Yet it is true that not every African leader has caught the anti-corruption fever. Unfortunately, corruption flourishes in Africa because most of the regulatory institutions are still weak, lack autonomy or are shady themselves. Over one-third of elites polled

³ This favourable impression received a blow in February 2005, a year after this lecture was given, when Kenya’s first ever Permanent Secretary in charge of Governance and Ethics charged with fighting corruption resigned, saying he could no longer serve the government and there have been widespread accusations that corruption continues unchecked at senior levels of the Kibaki administration.
deem watchdog institutions to be totally controlled by the executive branch. And as we all know, ‘big money’ corruption also still flourishes in Africa due to deals struck right here in Washington, or in Houston, London, Brussels or Paris. These deals enrich a few Africans and their Western partners, but cheat millions of Africans out of the fruits of the continent’s resources, particularly its oil.

Finally, a fourth major trend is one that portends well for Africa—efforts at better economic governance. In the area of public financial management and accountability, our study shows that more countries are running smaller deficits, meeting their targets for revenue mobilization, managing their tax systems more effectively, improving fiscal transparency and creating institutions and arrangements for better auditing of public funds. But there is some way to go to gain citizen confidence. In the majority of countries, less than a quarter of experts polled were yet satisfied with the efficiency of tax collection systems.

Related to public expenditures, governments have declared a war on poverty and put policies in place, but tangible results have eluded them. Insufficient resource allocation, poor targeting, inefficiencies in programme implementation and lack of fiscal transparency are to blame. Our study shows that most African countries are channeling a greater proportion of their GDP to social services than to the military. But still, in only 11 out of 26 countries where data were available did outlays for health exceed 10% of total expenditures.

We at the ECA have also developed several key indicators to analyze and measure the robustness of policy environments across the continent. The Expanded Policy Stance Index, featured in our annual Economic Report on Africa, measures policy performance in macroeconomics, poverty reduction and institution-building. The five worst performers last year, according to our indices, were either in conflict or recovering from recent conflict, and consumed by considerable debt and political tensions. The top performers, though, were well managed with solid reform agendas and a record of political stability and good governance. The top five—Botswana, South Africa, Mauritius, Namibia and Tunisia—have maintained sound economic fundamentals with lower foreign debt, budget deficits, inflation and interest rates.

All of these countries have healthier institutions of policy analysis and coordination and more competent civil services. Pro-poor policies and targeting are more effective. And laws and regulations are more predictable and transparent—and applied more uniformly. According to our research, where countries are weakest is in the quality of
Public sector management. That is where investments in better governance will yield big growth pay-offs in the future.

In the area of corporate governance, African countries have definitely recognized the need to promote the development of the private sector. In doing so, they have accepted that the public sector alone is unlikely to mobilize the resources required for economic development, and that foreign direct investments will play a decisive role in this process. Some of the measures taken by African countries in this area are granting tax and other incentives, and creating institutions to facilitate the establishment and operation of businesses. Added to that, they are targeting the informal sector so that it can become part of the formal sector, and expanding and improving infrastructure facilities.

Despite these measures and an increase in the conviction of governments, the overall environment is still not yet conducive enough to attract foreign investment. The procedures and costs of starting and operating businesses are still cumbersome and costly. For instance, according to a recent World Bank study, it takes an average of about four days to satisfy the regulatory requirements to start a business in North America, while in Africa it takes nearly 70 days, or 17 times as long.

Investment flows to Africa, especially foreign direct investment, lag behind investments in other regions of the developing world. The continent attracts less than 1% of global capital flows and accounts for less than 1% of world trade. Meanwhile, the stock of capital flight from Sub-Saharan Africa is estimated at $148 billion and represents about 33% of the private wealth of the continent, compared with less than 10% in Asia or Latin America. An attractive domestic investment climate is absolutely vital to reversing this trend.

The Commission on Capital Flows to Africa recently provided an excellent private sector-initiated blueprint for how to coherently deal with the big picture. The issues addressed in this report—trade liberalization, capacity building, debt, development assistance, privatization and infrastructure development—are all very much in sync with current wisdom on the ground in Africa. However, the Commission went on to make concrete suggestions on what partners in the United States and OECD should do over a 10-year period to improve Africa's economic conditions and the climate for private sector investment.

As we in the 'Harmon Commission' noted, the obstacles to increasing capital flows to Africa are rooted not in questions of global capacity but of global will. We need our
partners to stay the course. That 10-year timeframe is significant, for as we say in my part of the world, 'there are no short cuts to the top of the palm tree.'

Lastly, I'd like to mention the ECA's new Trade Competitiveness Index, which is primarily meant as a tool to enable policy makers in Africa to identify how shortcomings in their country's competitiveness compare with those of other locales (including non-African ones). What is significant and relevant is that seven of the eight non-African countries included in the index for the purposes of comparison dominate the overall trade competitiveness index due largely to their well educated and healthy labor forces.

While a pro-trade environment is critical, global trade competitiveness and ultimately a greater integration into the world economy will require increased efforts in educating the African people and investing in their well-being. Investing in human capital is not a luxury expense: it will pay solid economic dividends down the road.

As our governance survey shows, there is considerable progress to report on many fronts. However, much more has to be achieved before we can say that the capable state is a norm in Africa. And in order to continue with the reform process, governments and citizens have to believe that it is worthwhile and yields benefits. Without tangible results, the citizenry is likely to be frustrated, resentful and 'fatigued' by so-called democracy. Whether it is in the process of going to court, paying a bill, opening a business, interacting with a Member of Parliament or casting a vote, people want to see improvements in efficiency, transparency and accountability.

There is now a strong popular desire in Africa that upgrades in the delivery of the basics of education, health, sanitation, housing, electricity and water should be one of the major dividends of democracy and good governance. We do know that when services work for the poor, it is due to the degree that they themselves are at the centre of determining the quality and quantity of services they receive, and the degree to which officials are responsive and accountable. In this regard, the capacity and autonomy of local governments has to be given due consideration in the governance agenda of African countries, because they are nearest to the rural communities, where over 80% of Africa's population lives. Under a decentralized structure, community interests can be far better tabled and then represented.

Capacity-building is about identifying concrete gaps in the institutions and organizations that work together to promote better outcomes, and providing the necessary policy and resources for enhancement. Identifying deficits at all levels of government
will be critical to getting the results that the African people are hoping for. Perhaps this is not the most appropriate thing to say in Washington during an election year, but as I always tell my staff at the ECA: in promoting good governance, “it’s all about the capacity, stupid.”

Well, from our base in Addis Ababa, we are seeing an emerging best practice in this regard. The Ethiopian government is undertaking the most comprehensive capacity building programme we know of on the continent. Indeed, there is an entire ministry charged with overseeing and implementing this. As you can see, Africa is making great strides in taking responsibility for its own shortcomings. But if the gains are to be sustained, we on the continent need to rely on more than the good efforts at national levels.

The revitalized Commission of the African Union (AU), and its priority of regional integration is vital in that regard. It provides a viable framework for addressing the challenges of growing African economies, protecting the environment, utilizing our natural resources, fighting disease and resolving conflict. Further, the New Partnership for Africa’s Development, the African Union and the prospect of a Pan-African Parliament offer new promise on better governance. The African Union’s Peace and Security Council is a bold and constructive innovation, and we have already seen the early fruits of the African Union’s conflict resolution efforts in several places, including Burundi, the Democratic Republic of Congo and Liberia. However, Africa cannot achieve sustainable growth without a transformed partnership with the international community—a new partnership based on mutual responsibility for agreed development outcomes.

The new Millennium Challenge Account (MCA) signifies the largest increase in U.S. foreign assistance since the Marshall Plan; and the commitment it represents is to be warmly welcomed. However, it is worth asking whether it will succeed in addressing the needs on the ground. A significant drawback is a methodology that severely limits the number of countries that can qualify over time, even if country performance improves significantly. I believe the MCA eligibility criteria should be expanded to allow more African countries to compete fairly for its funds.

Meanwhile, we would encourage our friends here to consider the account as one element of a more wide-ranging development assistance package to Africa if, indeed, the United States is to help Africa meet the Millennium Development Goals. I believe it is important to emphasize partnership rather than conditionality in the design of programmes to help Africa move forward. When official development funds are made available, both sides of the relationship need to take on responsibilities. In that con-
text, we at the ECA, at the request of NEPAD's leaders and in collaboration with the OECD's Development Assistance Committee have developed a path-breaking instrument for achieving Mutual Reviews of Development Effectiveness.

The fundamental aim of the mutual review consultation process is to generate a constructive, continuing dialogue between African leaders and policy makers and their OECD counterparts on development progress in Africa. We will look at actual efforts on both sides regarding the implementation of the policies needed to meet the Millennium Development Goals, assessing empirical progress on existing commitments, as well as good practice. We aim to complete the first review in 2005. On the African side, the commitment to self-monitoring and to peer learning is the lynchpin of accountability on good governance, and indeed a cornerstone of NEPAD.

It is essential for African countries to move quickly and boldly on the African Peer Review Mechanism, which will require unwavering leadership and considerable political will, engaging all stakeholders in the process. It is heartening, therefore, that our heads of states met in Kigali last weekend and agreed on a peer review timetable and programme that is to involve widespread consultation. The peer reviews of the 16 countries that have acceded to the review mechanism are to be completed by March 2006. The first four will be Kenya, Mauritius, Rwanda and Ghana, whose review will begin in April this year. The ECA has committed to providing assistance as the process unfolds.

On the partner side, we will look at trends in the quantity and quality of official development assistance to Africa, as well as the coherence of partner policies on aid, trade and debt. On aid quantity, while some partner countries have achieved and even exceeded the internationally agreed aid target of 0.7% of GDP, others need to step up their efforts to follow suit. On aid quality, partner support is still often very slow and unpredictable, hampering effective programme implementation.

We all agree that country ownership is important. Donors must respect national processes and systems. In that regard, in collaboration with the Strategic Partnership for Africa donor group, we undertook a survey in 18 African countries on the alignment of donor support with national priorities. The findings were very disappointing.

On policy coherence, a key pillar of mutual accountability is our partners' commitment to ensuring that all policies affecting African development, including those in the areas of official development assistance, market access and debt, are consistent with realizing the Millennium Development Goals. But several recent actions in the international
arena—such as the events surrounding the collapse of the WTO negotiating round in Cancun—show that we still have a long way to go.

How can a cotton farmer from Burkina Faso compete on the world market in the face of huge U.S. cotton subsidies? We in Africa are not advocating that the developed world abandon its own farmers. We are, however, advocating that free trade be smart trade. We simply want the developed and developing world to come together to agree on the policies that will ensure that agricultural producers around the globe are afforded an equal opportunity to sell their goods.

As a prime example of partnership, there is a need for a more comprehensive approach to supporting Africa in its battle against the HIV/AIDS pandemic. Let me pause here a moment to acknowledge the leadership shown on this issue by the current U.S. Administration. The commitment not only of generous funds, but the real and urgent engagement by President Bush’s Global Aids Coordinator Randall Tobias and his team is welcome. We urge them to sustain both their bilateral efforts and to adequately support multilateral initiatives such as the Global Fund. We also ask them to listen closely to what we in Africa say are our most pressing needs in the fight against the pandemic.

Through the African Union, Africa’s leaders are also now taking charge of the fight against HIV/AIDS at the highest levels and giving this mission an important regional dimension. As some of you may know, the epidemic was prominent on the agenda at last year’s African Union summit in Maputo, Mozambique—the very first time that our heads of states had discussed the issue in this arena. But more attention needs to be paid by you in the US to supporting actions that can mitigate the structural impacts of HIV/AIDS.

The net effect of an AIDS-depleted society is a hollowing out of the state and social networks that are already under pressure from poverty. The erosion of human resources by HIV/AIDS has deep implications for the structure of families, communities and economies. According to the World Bank, AIDS may be costing 24 African nations up to 1.2% of their per capita growth each year. And AIDS has increased the population living in poverty by up to 5% in a number of countries. As such, it demands our urgent attention.

In short, along with efforts to minimize the number of new infections, we also need to systematically understand the structural dimensions of HIV/AIDS—and to act on the basis of a clear, simple and stunning fact: HIV/AIDS will be with us for the foreseeable future. The Commission on HIV/AIDS and Governance in Africa convened by UN
Secretary-General Kofi Annan has begun to undertake an in-depth study of how HIV/AIDS erodes Africa's structural capacity and what we can do about it.

The Commission, which I have the honour to chair, is composed of internationally distinguished individuals including Peter Piot of UNAIDS; Richard Feachem, the Executive Director of the Global Fund to Fight AIDS, Tuberculosis and Malaria; and Joy Phumaphi, Assistant Director General of the World Health Organization. The Commission is still in its nascent stages and requires support—material, intellectual and moral—as it undertakes its important mission.

I know that here in Washington there is a debate between the Afro-optimists and the Afro-pessimists. I know that some view Africa with a romantic eye that overlooks our problems, and that others adopt the cynical view that Africa is destined to live on in time as the world's basket case.

Nonetheless, I am speaking as an Afro-realist. As I have outlined, Africa has made significant gains over a short period of time. In real terms, Africa is creating a majority of capable states. Africa has not changed direction because donors demanded that we do so. Africa has changed direction because our people have demanded of our leaders that we do so—and because we also have more leaders today who, indeed, are leading. And Africa has changed because while we take credit for our achievements, we also soberly accept responsibility for the outstanding challenges we face. You, our friends and our African brothers and sisters abroad, need to help us consolidate these changes.

What that requires, on your part, is investment. Not only foreign direct investment, though that is certainly desired. But also investment in our progress; investment in our concerted efforts to build capable states; investment in our struggle to ensure that aid is better spent and more wisely delivered; investment in our determination to manage and ultimately defeat HIV/AIDS; investment in our effort to promote trade that is both fair and free; investment in our good governments; and most importantly, investment in our people.
Some observers have described the speech that Prime Minister Tony Blair gave to the Labour party conference in October 2001—he referred to the current state of Africa as 'a scar on the conscience of the world'—as perhaps one of the defining moments of his premiership. His declaration undoubtedly moved Africa higher up the agenda in policy circles in the United Kingdom at a significant time. I was thus delighted to receive an invitation to deliver the only lecture devoted to Africa in the series of Millennium Lectures launched by Mr. Blair and his wife Cherie to mark the new Millennium.

Subsequent events have seen a greater international focus on addressing the needs of Africa as well as a bold African response to its development challenges. For example, Africa's views on issues of debt, aid and trade are clearly reflected within the text of the Monterrey Consensus of 2002, reached at the International Conference on Financing for Development. Meanwhile, the establishment of the African Union and New Partnership for Africa's Development, which
recognise good governance as a core principle, clearly reflects the commitment of the region's leaders to fulfill an essential aspect of their side of the compact. At the same time, the reports of the UN Secretary-General's Millennium Project and the Commission for Africa, established by Tony Blair, have focused squarely on concrete measures that are now required to step up the momentum for the 'big push' needed in order for Africa to 'fulfill its promise.'

Finally, the G8 Summit has paid unprecedented attention to Africa since 2002. In particular, the Gleneagles summit of 2005 saw agreement on a comprehensive plan to support Africa's progress that included a doubling of aid for Africa by 2010 and the cancellation of all the debts owed by eligible heavily indebted poor countries to IDA, the International Monetary Fund and the African Development Bank, as well as enhanced support for programmes to promote effective governance and increased investment in health and education. As the G8 leaders themselves noted in their Gleneagles communiqué this agreement is 'only the beginning' and there is a need to build on this progress. However, in light of these developments, I am convinced that we are now seeing the materialisation of a new global compact with Africa.
The United Kingdom's government and its Prime Minister Tony Blair have shown an openness to Africa, and that is deeply appreciated. His call for solidarity with Africa at the Millennium Summit of the United Nations was clear and unambiguous. And in his response to the madness of terror, he took care to emphasise that solidarity with Africa must not cease. He encouraged Africa’s leaders as they created the New Partnership for Africa’s Development. His Secretary of State for International Development, Clare Short, is greatly admired, both globally and in Africa, for her leadership in development cooperation. His Chancellor of the Exchequer, Gordon Brown, put forth bold proposals that address both Africa’s needs and its aspirations in a speech given at the New York Federal Reserve Bank.

For all this—and much more—we thank you for your leadership and statesmanship. Thank you, too, for your realisation that the insecurities on our continent can be transformed into mutual security and mutual gain. I propose a new paradigm for development partnerships that will allow us to move ahead together. In Africa we have a proverb: ‘There are three friends in this world: courage, sense and insight.’

Trends in Africa Towards 2015

The target year for most Millennium Development Goals is 2015. Let me begin by painting a numerical picture of what Africa will be like in 2015, if current trends continue. Sub-Saharan Africa, excluding South Africa, has a per capita income of $326. That leaves 4 of every 10 Africans living in extreme poverty, on less than $1 a day. In 1990, about 200 million Africans lived in such poverty. Today, 100 million more have joined them.

The good news is that, globally, the Millennium Development Goals will be achieved by 2015. Progress in much of Asia and many parts of Latin America pretty much assure this. But the bad news is that Africa will not meet those goals. While the world cuts the proportion of people in poverty from 22% today to 11% in 2015, Africa will likely be stuck at around 37%—more than three times the global average.
The World Bank recently calculated the prospects of Sub-Saharan Africa meeting some of the other goals:

- Only half of African countries are on track to have universal basic education by 2015.
- Only a few African countries will have gender balance in our secondary schools by 2005.
- Only one African country is on track to reduce infant mortality by two-thirds by 2015.
- Only six African countries are on track to cut malnutrition in half by 2015.

People often define our development crisis by the growing income gap between Africa and the world. I will be more fundamental. Our current life span of a mere 50 years will decline between now and 2015 because of growing poverty and the HIV/AIDS pandemic. The world average life span, now more than 75 years, will grow longer. Equal opportunity must start with the equal opportunity to live.

**A Brighter Future for Africa**

A new generation of Africans finds these trends intolerable.

The generation immediately after independence had almost unbridled optimism. Pent-up demand for economic goods and social services led to huge expansions of schools, health services and economies, along with the governments to run them.

But the oil shocks of the 1970s—followed by the debt overhang of the early 1980s—took from us more than a decade of development. This was a time of stagnation, cynical leaders and deteriorating standards of governance. Even the incurable optimists were cured.

Now, with the convergence of new progressive forces, of frustration with so little progress, of revulsion for power with selfish ends, there are mounting—even angry—demands for development that works for the people. The demands are for peace. For reducing poverty through growth and solid public services. For accountable, uncorrupted governments. The demands are also for a viable future for the unemployed and the young, and for inclusion in a progressive world. There is momentum on all these fronts—but far from enough.
Today, many of us are neither optimists nor pessimists. We are pragmatists. Self-critical, we have a growing feeling of urgency. Indeed, we see in Africa the gathering of determination, perhaps like the determination of Europe in 1945. You met those challenges with leadership—true to your core values of fairness, social equality and freedom from want.

**Six Challenges to That Brighter Future**

I think there are six challenges to a brighter future in Africa. Let me start with governance. The capable state is the prerequisite for development. Good governance is its own reward. It generates popular confidence in institutions and processes of government. It builds an enabling environment for the private sector to generate economic growth and unlocks the resources to overcome poverty and provide health and education services. It is essential for making efficient use of scarce public resources. But good governance is also instrumental for effective partnerships with the international community.

Above all, good governance demands peace and security. We are not proud that Sub-Saharan Africa has a greater share of its people affected by conflict than other regions. Until these conflicts are resolved and the conflict-stricken societies rebuilt, we cannot set Africa on the path to development.

Addressing these conflicts requires leadership and effective institutions. It is encouraging to see important efforts in this direction. Nelson Mandela’s peace efforts in Burundi underscore the importance of moral leadership, as does the United Kingdom’s committed engagement in Sierra Leone. The Organisation of African Unity (OAU) and subregional institutions are putting in place new mechanisms for better conflict management. In a recent report to the General Assembly, the UN Secretary-General made new proposals for the prevention of armed conflict and for post-conflict reconstruction—proposals that deserve the support of the international community.

Fortunately, the peaceful transfer of power is now the road more often taken in Africa, even though that road is bumpy. We have seen peer pressure to sustain peaceful transfers of power. The OAU took the landmark step of refusing to recognize forcible transfers of power. And when African states ratified the Constitutive Act of the African Union, they declared any unconstitutional transfer of power to be off limits.

Growing forces of pluralism in Africa are also encouraging better governance. Civil society organisations, an independent media and human rights organisations—all are flourishing as much-needed counterbalances.
The second challenge is to make our societies inclusive. The diversity of our ethnic groups is our greatest strength. Indeed, recent research shows ethnic diversity to be a source of stability. We must also expand this inclusiveness to tap the potential of our women and youth. We have a long way to go, but there has been progress. For example, South Africa's pioneering Women's Budget Initiative is setting global standards for the inclusion of women in the economic and political realities that govern their lives.

To me, the unnoticed elephant in the room is youth. Demographic trends show that young people—our future—pose huge challenges for development. In some countries, such as Ethiopia, more than 60% of the population is under the age of 25. We must create far greater educational and employment opportunities for our youth. With formal employment as only a modest part of the solution, agricultural development and micro-enterprise are the real hopes. Whatever tools we use, we must know that unless our children have a viable future, our collective future will be bleak.

The third challenge is to reduce poverty, and that requires both economic growth and capably spent social budgets. We are pleased that the Poverty Reduction Strategy approach is now framing the development of most African countries. Incorporating the HIV/AIDS challenge into national development strategies is also essential to all of our development goals. Uganda has already made great strides in both areas by combining leadership, good planning and action. And we at the Economic Commission for Africa are working hard with African leaders and donors to increase the quality and impact of this approach. We must place the Millennium Development Goals at the centre of national and donor strategies.

Fourth, Africa must be part of the global future of science-based progress. Our most basic economic task is to sustain food security, possible only by bringing science to agriculture. Africa has not really benefited from the Green Revolution. We may have to leapfrog that revolution—for ecological and economic reasons—and embrace the next agricultural revolution, the Biotechnology Revolution. We need a massive scaling up of poverty-focused public sector genetic research. We need strong and open debate on safeguards, in order to gain public support for the results of research. And because development in Africa has so far failed to embrace modern science to solve problems, we need to establish—or re-establish—regional centres of excellence for science and technology research.

Fifth, we must have an information-rich economy. As you know, Africa runs the risk of being marginalised in the information revolution. That is why many African states are committed to the African Information Society Initiative, spearheaded by the ECA,
to develop plans for major expansions of national information, communications and technology systems.

Progress has been far faster than expected only a few years ago. Rwanda, a country benefiting from the United Kingdom's long-term partnership commitment, now has an ICT commission headed by its President. But few countries have given information and communications technologies their due. Many still must deregulate information and communications. And most need to build capabilities to manage the systems and content of an information-based economy.

The sixth challenge is to free up the tremendous creativity of the private sector, which can reduce poverty by building skills, creating jobs and paying taxes. At stake are the vitality and future of our economies. Privatisation has moved smartly across the continent. Indeed, in some African countries private telecommunications companies are now running rings around their public counterparts.

Fueling the private sector in Africa is the growth of our security markets, enabling some fairly large equity funds to operate. And we certainly have room for the significant expansion of intermediary financing mechanisms targeted at small and medium-size enterprises. The challenge is to continue to put in place the policy framework to enable the private sector to flourish—including legislative and regulatory provisions and safeguards for property rights.

Only by meeting these six challenges can Africa break out of its trend lines, meet the Millennium Development Goals and achieve what pragmatic people in Africa now demand. The challenges are not new. What is new is that we have a better understanding of the depth of the issues, grounded in a thorough knowledge base of country experience. Now we must focus our efforts and perform much better. And as the poorest area in the world, we need productive international partnerships.

A New Paradigm for Development Cooperation

Over the past few years, some exciting partnership concepts have been proposed by a number of us in Africa. Together, they imply a paradigm shift in Africa's relations with its international development partners. They emerge from different processes—from the new thinking by many of Africa's leaders, from the ideas of civil society organisations, from our work at the ECA. And they are crystallized in the New Partnership for Africa's Development.
Experience shows that Africans must lead Africa out of poverty, and that the most effective policies and programmes are those based on domestic processes of consultation and decision-making. That requires good governance: a capable state with effective institutions, sound economic management and the participation of all sectors of society.

At the heart of our new paradigm is a transformed development partnership. We seek a joint commitment to commonly agreed-upon development goals, and mutual accountability in progress towards those goals. This moves us away from the past model of donor-imposed conditionalities—and towards self-monitoring and peer review among Africans. Another part of this new paradigm is having long-term predictable partnerships underpinned by guaranteed long-term resource flows to countries that have a clear commitment to these shared goals—flows that are timely, stable and high in quality. The best quality assistance is harmonized, predictable and integrated within national poverty reduction strategies, with low transaction costs.

This enhanced partnership entails supporting countries that will be the forerunners of Africa's transition from a high dependency on aid to a more robust development path led by the private sector. We must let such countries become beacons of excellence, models for their neighbours to emulate and engines of regional economic growth.

But we cannot ignore those countries not doing so well. Different treatment is required for those countries struggling to emerge from past mismanagement. We must move them steadily towards the point where they can benefit from the new enhanced partnership. Other countries are recovering from conflict, and we need to identify and implement means of ensuring the success of their post-conflict reconstruction plans.

I also commend giving more consideration to the breadth of partnership. Too often donors have based their relationships on a charismatic leader. But I think that long-lasting partnerships require a broader base, involving many constituencies. We have a joint interest in building pluralism as a cornerstone of stability, accountability and more balanced growth. To do this requires broader relationships between Africa and its development partners with strong ties—state to state, business to business, civil society to civil society and academy to academy. These broader relationships will foster interpersonal dignity and the stability of mutual interest.

Partnerships that respond to our needs will go beyond money transfers and really focus on helping us build sustainable human capacities and institutions. Yes, capacities are growing in many countries in Africa. But more systematic attention is needed to make
Brown’s appeal for doubling aid—from $50 billion to $100 billion—is well justified, towards meeting the target of 0.7% GNP. I hope that we can accelerate this, with clear benchmarks for progress in the next five years.

There is also a need for the Financing for Development Conference to address the financing problems of Africa’s most indebted countries. If we want to make a bigger dent in Africa’s debt, we need to put our minds together to think ‘outside of the box.’ Let me take a first step out of that box:

- For countries emerging from conflict or past misrule, we should perhaps consider a programme that would provide debt relief on achievable terms for three years.
- Find a way to marry debt relief and funding for African peacekeeping.
- Allow for a moratorium of one or two years for countries vulnerable to commodity price fluctuations when their income falls below a certain level.
- We could provide a pot of gold at the end of the heavily indebted poor country rainbow by providing expanded relief—or forgiveness—at the end of five years of good performance.
- A certain percentage of debt payments could be redirected to the fight against HIV/AIDS.

I present these ideas to make the point that one of the most effective tools against any challenge is a willingness to defy convention and think creatively. As we say in Africa: ‘There are forty kinds of lunacy, but only one kind of common sense.’ Not all of my ideas may make much sense, but they are a start. Let’s work collectively to come up with the right ones!

The third big opportunity will be the next meeting of the G8 in Canada. With a focus on Africa, the G8 is expected to respond to the New Partnership for Africa’s Development. The response could usefully buttress three desirable ends: achieving the Millennium Development Goals, accelerating the process of regionalisation, and fostering peace and reconstruction. There is also an opportunity for the G8 to move from segmented discussions of Africa’s development to a more holistic response. That might include periodic leadership dialogues between the G8 and Africa.

What is needed is to come up with something concrete by the end of next year—with specific, time-bound deliverables. We very much hope that the G8 can sharply reverse the slide in aid to Africa. Collectively, the G8’s record in development assistance to Af-
Africa in the past decade has not been impressive. Overall aid to Africa has declined from $19 billion a year at the beginning of the 90s to $12 billion now, a per capita drop of 40%. In the same period, our share of global aid has dropped from 37% to 27%—this, when the quality of Africa's development has improved. Shouldn't better performance be better recognised?

The fourth event on the calendar is the Johannesburg Summit on Sustainable Development—scheduled significantly to end on September 11, 2002. As a follow-up to the Rio Earth Summit 10 years before, the event should be a chance to arrive at more comprehensive commitments to many of our common concerns in making a more secure world. The conference may well represent a shift from Rio's mostly environmental focus to issues of sustainability. There should be follow-up mechanisms to add financing and accountability for implementing the Rio commitments. There should also be direction on a sustained course for reaching the Millennium Development Goals.

All this requires international cooperation on a large scale. Consider the links between health and sustainable development. Gro Harlem Brundtland's Commission on Macroeconomics and Health, led by Jeffrey Sachs, released its final report in London. I have been privileged to serve on that Commission.

The report emphasized strong connections between investing in health and achieving sustainable development. It recommended quantum increases in health investments, and for low-income Sub-Saharan Africa the increases would be far higher than for any other region. Dramatic expansions of health services in Africa require strong partnerships if they are to be achieved.

I have covered a lot of ground, identifying what I believe to be the key challenges for Africa—and the key elements of a new development partnership for Africa. In summing up, I should like to spotlight five areas where we need to collectively come up with time-bound deliverables and generate momentum for sustained progress. As we say in Africa, 'If you know the beginning well, the end will not trouble you.'

- First, we must promote good governance in both the political and economic spheres. This includes strengthening financial management, building the capacities of parliaments and judiciaries and rooting out corruption.
- Second, we must address our regional peace and security needs. This requires coordinated action by the United Nations, OAU and subregional organisations, backed by well-implemented programmes for post-conflict rehabilitation.
• Third, invest in human capital at all levels—from basic literacy upwards. We must support the application of ICTs to health and development. We must strengthen regional centres of excellence in science and technology. And we must tackle the diseases of poverty, especially HIV/AIDS.

• Fourth, we must target farmers. We need to support agriculture with more effective institutions for micro-finance and rural infrastructure. And let's not forget that most farming in Africa is done by women.

• Fifth and last, the most critical area is to jointly secure adequate financing for development by tackling what has been called the 'new trinity of debt, aid and trade.' We in Africa must create an enabling environment for the private sector, while developed countries must do their part in opening up market access and eliminating subsidies. We must also assess each country's financing requirements in the context of what is needed to achieve the Millennium Development Goals.

I have been candid about Africa's challenges and promises. We live in a tough neighbourhood, and the struggle may be long. But I want to close by underscoring what is absolutely our biggest asset and our biggest hope. It is the human spirit, which, when given a chance, will fulfil Africa's promise.
Four years after delivering the Millennium Lecture at Downing Street I was invited by the cross-party Africa Group at the UK Parliament and the Royal African Society to make a presentation shortly before the final meeting of the Commission for Africa. The invitation came at a significant time, as Britain was soon to chair the G8 summit and assume the presidency of the European Union. I saw this as an opportunity to present Africa's perspective on the critical issue of aid effectiveness to an audience of influential stakeholders. In particular, having given much attention in earlier presentations to highlighting what Africa needed to do to fulfill its side of the proposed new global compact for Africa, I felt it was an opportune time and venue at which to turn the spotlight on what our international partners urgently need to do to make move things forward on the ground, especially in the area of development assistance.

So, while I stressed the need for increased and more effective aid for Africa, in order to scale up resources for growth-promoting social investment, infrastructure and capacity-building that is needed to meet the MDGs in Africa, I also emphasised that much can still be done by Africa's international partners to improve the quality and coherence of their aid policies. I highlighted the fact that too often donor policies and procedures can be the problem, not the solution.

To move forward I called for a substantial shift towards the harmonisation of partners' approaches to lower the transaction costs of ODA and increase partner awareness of national development needs and objectives. This call is in sync with the principles of aid effectiveness enshrined in the Monterrey Consensus that were later taken forward in the Rome Declaration on Harmonisation, which clearly set out the steps donors are required to take towards alignment and harmonisation of rules, procedures and policies for development assistance so as to lower the transaction cost for the recipient country.
A major step forward to ensure implementation of these international commitments to improve aid effectiveness is now being taken through the collaborative efforts by African and OECD countries to undertake regular reviews and monitoring of commitments on all sides. As mandated by NEPAD heads of states, ECA, together with the OECD–DAC, has been working since 2003 on constructing a practical framework for regularly monitoring the commitments towards mutual accountability and development effectiveness that have been made by both sides. The first report was published in 2005.
In December 2001, I visited No. 10, Downing Street, as a speaker in the British prime minister's Millennium lecture series, to make a presentation on the challenges facing Africa and ways that they might be approached. I spoke about the alarming socio-economic trends on the continent: greater poverty, shorter lifespans and the bitter fruits of HIV/AIDS. I stressed that, unlike other developing regions, we were still far from achieving the Millennium Development Goals by the target date of 2015.

However, I also highlighted how a new generation of pragmatic leaders was trying to address the challenges of improving governance, ending conflicts, boosting economic growth and restoring public services. I said we needed to focus on more than monetary transfers, and encompass the promotion of sustainable human capacities and institutions. We wanted a partnership based upon the understanding that Africa and its friends share an interest in getting rid of poverty. At that time, I, along with many others, was hopeful that we were at the start of something new. Three years on, was my optimism justified?

First, the climate for security and cooperation has changed dramatically for the better. Most people ascribe this to the founding of the African Union, NEPAD and the African Peer Review Mechanism, and the establishment of the Pan-African Parliament. Indeed, the leaders of all of these pan-African initiatives have shown boldness and imagination.

But nothing important happens at the multilateral level without strong national support. So the new accomplishments in regional cooperation, in peacekeeping, in economic integration and in setting much higher standards within Africa for governance—all these are evidence of political consensus among the governments of Africa that the old way of doing business must go. I would like to believe that this new approach is the result of a consolidation of democracy across Africa.

For example, it is good to be able to point to recent events in Togo and the way neighbouring West African states, under the auspices of the regional grouping ECOWAS and the African Union, exerted effective pressure to reverse the Togolese military’s attempt to make an unconstitutional transfer of power to the son of the late Gnassingbe Eyadema.
We at the Economic Commission for Africa have tried to benchmark these trends in governance in a major report on governance in Africa. Working with local partners, we studied governance in 28 countries through consultations with a total of 2,000 experts and through interviews of 60,000 households.

In the process, we proved that there is such a thing as African public opinion. The people we talked to assessed the performance of their own governments, covering such areas as how well their government provides services, and the effectiveness of their parliamentary and judicial functions. No one reading the results could possibly doubt that there is widespread knowledge about—and growing public pressure for—better governance. That genie is now out of the bottle.

What about Africa's economies? The good news is that we are no longer on a downhill slide. Overall, our economies are consistently growing and economic governance is improving. Average GDP growth rates in the region are now around 3% a year. Over the past decade, 10 countries have experienced rates above 5% and rates above 7% have been recorded in 3 countries. The IMF is now projecting economic growth for Africa at over 5.3% for 2005, and average inflation of 9.9%, compared with an inflation rate of 41% more than a decade ago.

But this turnaround is too recent and still too slow to assure the universal delivery of essential social services. At this average growth rate, it would still take Sub-Saharan Africa over 100 years to achieve the Millennium Development Goals. We therefore really need to achieve consistent growth rates of at least 7% in order to make any significant progress in this area.

That deals with the situation inside Africa. What has changed internationally? A lot. Some of the best international cooperation of recent times has focused on Africa, often strongly encouraged by the government and Parliament here in London. Africa was the focus of the G8 summit at Kananaskis, Canada, two years ago, and it received a great deal of solidarity at the Monterrey Conference on Financing for Development. And at Doha, Africa benefited from major international support to establish the framework for a development-oriented round of trade.

Now, thanks to the energy of Prime Minister Blair, Chancellor Brown and many others, we have the prospect of a particularly productive G8, EU presidency and Millennium Summit follow-up at the UN. All this has established a particularly favourable climate for positive engagement with Africa, which was so clearly signaled at the recent Davos meeting.
Africa also has a higher profile in the international arena, because deeper thinking about 9/11 has made the link between insecurity and poverty more evident, and because the long-term oil crisis highlights Africa's potential as a lifeline for Western economies. Much of this change has yet to be consolidated. There is no guarantee, for example, that the Doha WTO round will ultimately benefit poor countries, unless all the actors, particularly rich countries, show the necessary political will. Yet—both in Africa and internationally—the conditions seem right for a concerted 'big push' for Africa.

Priorities for Action in 2005

That, of course, is the message of the Commission for Africa. During our consultations, we have found that the range of actions that need to be taken is very wide. Indeed, one of the points we will make in our report is that there is no overriding cause of our problems and therefore no magic bullet—no single area where we could act that would trigger positive developments on multiple fronts. We have no choice other than to apply the right policies in several areas at once if we are to put an end to the vicious circles that interact with each other.

So what should we try to achieve with this welcome opportunity for Africa? How should we act to boost our growth to levels that would give us a chance of meeting the Millennium Development Goals? I would put stress on the following key areas:

- First, we need much better infrastructure. This is a major constraint on intra-African trade, and if Africa is to take full advantage of a more open global trade environment coming out of the Doha Round, developing effective national and regional infrastructure is critical.
- Then, we must do more to support small- and medium-scale enterprise in the private sector—no matter how much aid or foreign investment comes into Africa, our only chance of providing enough jobs is to rely on our entrepreneurs, making sure they can access the services they need and obtain enough financial aid to grow their businesses.
- Next, we need to unleash our enormous human capacity. Obviously that means strengthening our health and education sectors so that people are stronger and better equipped to seize opportunities. And we must revitalize our tertiary education in science and technology in order to maximize our capacity to innovate and support investment in agriculture and other areas.
- Most importantly, we need to upgrade the capacity we now have if we hope to sustain the gains in governance already made. Strengthening the adminis-
trative, parliamentary and judicial sectors is critically important. We simply do not have either the quantity or quality of civil servants, legislators, judges and business people we need. There is massive and growing public support for better governance but without strong international support for a capacity-building action plan, we could see reversals in the gains that we found in our governance survey.

- Finally, we will achieve nothing if we do not address the overarching challenge of HIV/AIDS. It is no exaggeration to say that today, AIDS is the greatest threat to Africa's development. We need to start seeing HIV/AIDS not only as an emergency health issue, but as a long-term capacity crisis as well.

HIV/AIDS is systematically eroding vital human resources in all sectors and at all levels—most troublingly in health and education. Existing service delivery constraints can be expected to worsen, with adverse impacts on productivity and efficiency across all government agencies, private sector businesses and civil society groups.

As employees become ill and leave government service, their skills, training and knowledge are being lost. In the absence of comprehensive treatment and care programmes, governments can expect to see declines in the tax base and in savings and productivity, while at the same time demands for services such as welfare and health will increase. We must urgently find ways to deliver the treatment that will keep more people alive—and for as long as possible.

The Case for Aid

It is no secret that the Commission will call for a significant increase in aid and our report will detail a range of actions we believe must be taken, along with their various price tags. We are not alone in this. The team Jeffrey Sachs leads has said that the Millennium Development Goals will not be achieved without a large increase in aid, particularly for Africa. We are of course aware that, for the skeptics, mentioning aid causes a big red flag to go up. They believe that aid does not work, or that it necessarily results in dependency. And it is argued with some justice that on the donor side, aid has rarely been an honest gift but more often has concealed within the package, clawbacks and catches that leave African countries scarcely benefiting, and perhaps worse off.

Let me tackle some of those points, with the aim of giving confidence that we can learn the lessons of history and make good use of funds supplied by this means. I can think of no other professional field, with the possible exception of law, which has been as much
maligned as that of development. Yet development aid has helped transform the world, and it has greatly brightened Africa's prospects.

Our report will give detailed examples of a direct link between official development assistance and improved macroeconomic performance, including higher growth and social development. The evidence is unambiguous and compelling. For example, through budget support from donors, Tanzania, Ghana and Ethiopia have all seen significant rises in school enrollment. Much of this aid has enabled development of essential infrastructure, paid for teachers' salaries and teacher training. A similar story is told in Zambia and in Mozambique.

In Uganda the health authorities have used aid to bring down patient charges and therefore increase delivery of basic health care. In five years, outpatient attendance in hospitals has risen by nearly 90%. Immunisations are up 78%. Mozambique has used aid to drive growth. In the 1990s, aid amounting to 50% of GDP drove a 12% increase in GDP. A relationship between aid and growth is also demonstrable in Ghana, Rwanda and Uganda.

Admittedly, aid has not always had such good results. This is partly due to inconsistent and incoherent policies on the part of donors and because of poor conditions of governance in the countries concerned. There have been changes however. In recent years, as I noted earlier, governance has improved. Donors are more focused on reducing poverty than they were in the past, and the end of the cold war has greatly improved the relevance and value of aid.

Aid delivered now—while African economies have, for the most part, been experiencing a sustained period of growth and increasing stability—can have a greater impact than before. It is also true to say that aid advocates have learned from past mistakes. The empirical data and analytical abilities regarding aid and its impacts are sharper now than in the past, with a far better ability to relate aid to policy changes, and to identify areas where aid can be effective.
All this is not to suggest that in future, aid will be problem-free. On the contrary, the volume of aid to Africa still fluctuates unpredictably, making it impossible for receiving countries to plan effectively. Donors fail to harmonise their aid plans, adding to the uncertainty. Although less aid is explicitly tied than used to be the case, donors are still trying to claw aid back by setting special purchase requirements on its use. Perceptions of ‘giving with one hand and taking with the other’ look justified when one compares the aid a country gives with debt service payments, or with the tariffs protecting wealthy countries’ agricultural and manufacturing sectors. Too much aid is project-based, according to the donor’s priorities rather than those of recipients—and so on.

In other words, aid quantity is insufficient and its ‘quality’ is not good enough—that is, the transaction costs of aid are still too high. However, as I predicted three years ago, there has been a paradigm shift in the partnership between Africa and rich countries. At the Economic Commission for Africa we have been working hard with our OECD-DAC partners to develop the concept of aid effectiveness, and the machinery to achieve it.

Working under the direction of the NEPAD heads of state and Government Implementation Committee and the OECD Council, the Secretary-General of OECD and I have established an ambitious work plan for a ‘Mutual Review of Development Effectiveness.’ The proposed review, involving reciprocal obligations over the long-term, monitored relationships and commitments and could be a significant new mechanism to improve the effectiveness of aid and give added confidence to the development relationship.

For each side of the partnership, we have identified ‘action frontiers’—areas where performance needs to be enhanced. A report on the status quo will appear every two years to update the record of progress towards agreed targets. And in 2005, a ‘scorecard’ has been developed, which looks ahead to 2007. This framework will be assessed and hopefully adopted by African and OECD governments, giving all sides confidence that scrutiny and performance assessment will accompany aid in future.

On Africa’s side, there are key frontiers to be addressed, nationally and regionally. Our national agendas must focus on progress towards peace and security. African governments are required to develop and put in place comprehensive strategies towards the Millennium Development Goals and improved political governance. They will be held accountable for tracking progress towards best practices in economic and corporate gov-
Governance. They must invest in better infrastructure and act to support the private sector. And the framework commits them to adopting policies that are supportive of education, capacity-building and training. Of particular importance is the strengthening of those institutions that increase accountability, including auditing, evaluation and parliamentary and judicial functions.

For Africa’s partners, particularly in the G8, the issues are clear. The ‘Mutual Review’ framework calls for rich countries to honour their commitments to achieving the Millennium Development Goals through increased and improved development assistance, as well as better access to markets for African goods. This means that aid must be more predictable, long-term and harmonized. And the focus should be on capacity building for better governance, as well as key growth challenges such as agriculture, small enterprise and infrastructure.

At the same time, there is an urgent need for developed countries to move swiftly to break down their trade barriers and end their subsidies, particularly in agriculture. We need to make sure that the Doha Round is indeed a development round. For example, if Europe, wants to be coherent in its partnership with Africa, then the Common Agricultural Policy needs to change. A recent ECA study showed that if they were unrestricted market access, African exports would increase by $1.9 billion. This growth would be mainly due to agricultural exports to Japan and the European Union. It’s therefore clear that Europe can now do something significant in this critical area.

Aid volumes are also important. OECD countries are asked to deliver on Monterrey and Kananaskis commitments in 2006, and augment them in line with the decisions made at major meetings in 2005. Concerted attempts should be made to track aggregated African needs and see how they may be met. Aid flows must be harmonized with national finance scenarios over 10 years, with financial commitments made up to four years ahead so that governments have some predictability. I believe that the Chancellor’s proposal for an International Financing Facility provides a viable mechanism for making this a reality. I therefore hope other influential donors will soon come on board.

Debt also must not be a drag on African efforts to develop; an initiative such as the United Kingdom’s pledge to meet the multilateral debts of the severely affected countries is a particularly bold move. The Review framework calls for coherent policies on debt to ensure that assistance does not flow in through the aid door and straight out again to service debt. I believe relief should be extended beyond Africa’s heavily indebted poor countries, at least through the Millennium Development Goal target period.
As the African Peer Review Mechanism’s findings come through, aid partners are asked to provide support to act on areas needing attention. For example, there is need for work on the donor side to support transparency and anti-corruption initiatives; including strong commitment of both public and private sector actors. Early ratification of the UN Convention on Corruption will be important in this context, as will the promotion of mechanisms to identify and recover stolen assets that have been stashed in Europe. Additionally, useful G8 actions can be taken to restrict arms transfers and address climate change.

It is important to note that the process I have outlined here is not confined to Africa. Efforts to enhance aid effectiveness are under way around the world, triggered by Monterrey, developed at the Rome High Level Forum on Harmonisation in 2003 and strengthened even more at the High Level Forum on Joint Progress Toward Enhanced Aid Effectiveness in Paris in 2005. Although our work is obviously specific to our needs, all international initiatives share a common thread—to reform the way aid is managed and to hold all parties to agreed commitments and standards.

Some have queried whether Africa can absorb the volumes of aid being discussed and this concern is legitimate. As I noted earlier, it is impossible to overstate the importance of addressing Africa’s capacity deficits. This needs to be a joint project between African governments and partners. We cannot deny that past efforts in this regard have only been partially successful; we must look closely at what does not work and find better approaches.

This is not just about training, although that is important. It is about ensuring that funds are available to pay skilled professionals, guaranteed over the long term, so that they do not move on prematurely, or worse, go abroad. It is about evaluating capacity not only in government service but also outside, in the sectors that help government to deliver its objectives. It is about looking at the diverse and systemic reasons for failure to recruit or hold talented, well-trained staff and addressing those challenges as part of a holistic strategy. And it is about making sure that partners align their support to the goals of that strategy: it is, after all, in their interest to do so, since this is the best way to maximize the effectiveness of aid.

Another concern is that by increasing aid, we may be promoting dependency. Those worried about this should be more concerned with whether conditions exist for growth, since the evidence tells us that dependency on aid only results where economies fail to grow. With growth, savings are generated and investment attracted, thus reducing the dependence on external sources of support.
What’s at Stake

We must not lose sight of the human realities at stake in Africa. The Commission’s back-of-the-envelope calculations lead us to believe that if we in Africa and our international partners had acted two decades ago on the issues I have outlined, we would have had many fewer than eight million killed in conflict, fewer than the 12 million orphaned by AIDS and certainly fewer than the 30 million who have fallen into poverty during this period.

Africa has improved and there is serious leadership at the national and regional levels. Yet our democracies in Africa are fragile and we cannot afford for them to fail. The global community is now far better informed and more interested in seeing Africa achieve the Millennium Development Goals; there is commitment around the world to making trade fairer, getting rid of crippling debt and providing effective aid.

But the jury is still out. If our ECA-OECD work, the Rome harmonisation process, and other efforts get traction, if we find practical solutions to the problems on the ground, we have a reasonable chance of making progress. We simply have to act now to push this forward concretely, as progress in this area could bring truly significant benefits. According to a recent World Bank estimate, a 24% improvement in the quality of aid in Sub-Saharan Africa would add nearly two percentage points per year to GDP growth. That is certainly a prize worth fighting for.
Like many who passionately believe in the promise of African unity, I have been encouraged by events of recent years, which saw the evolution from the Organization of African Unity (OAU) to the African Union. In that regard, I was therefore most delighted to be among six leading Africans awarded honorary doctoral degrees by the Addis Ababa University in July 2003 at an event organized to commemorate the 40th anniversary of the Organization of African Unity (OAU) and to celebrate the graduation of more than 4,000 students. The event was presided over by Ethiopian Prime Minister Meles Zenawi. Also honoured were former OAU Secretary-General Salim Ahmed Salim, UN Special Advisor Mohamed Saboun, poet and Nobel Laureate Wole Soyinka, Ethiopian diplomat Kifle Wodeajo and the Ethio-Yemeni businessman Sheikh Mohammed Hussein Al-Amoudi.

Two years later, I honoured the commitment that I made on that graduation day to return to address the students. As Addis Ababa has long been the home of two leading regional institutions, the African Union and the Economic Commission for Africa, I thought it appropriate to reflect on the experience of regional integration in Africa over the past half century. I highlighted the progress and limitations of the political and economic integration project begun by the founding fathers of the OAU in the 1960s. Above all, I emphasised the issue of political will as crucial to the implementation of the vision of African unity. I also outlined the findings and recommendations of ECA's candid assessment of regional integration in Africa, which presented a clear road map for the steps needed to move the integration agenda forward.
ECA has spent significant resources and energy in recent years on a ground-breaking study on regional integration in Africa. The first findings of this study were published in 2004 in a report entitled ‘Assessing Regional Integration in Africa’ (ARIA), which provides a comprehensive evaluation of the state of Africa’s integration process, showing where efforts have succeeded or failed including why intra-African trade remains low; and how lack of macro-economic policy convergence and insufficient infrastructure hampers integration. The report found that although progress has been made in a number of areas, overall, this has been limited relative to the goals established by African leaders. The report hence makes several recommendations on accelerating the integration process. Some of the key recommendations include the need for the AU and regional economic communities (RECs) to be endowed with greater financial and human capital and be granted relevant supranational authority to enable them to enforce treaty obligations. The recommendations cover both institutional arrangements and sectoral policy issues. ECA is now working on a second edition of ARIA focusing on deepening research into some of the areas I highlight in this lecture.
Africa is today engaged in an intense struggle: the struggle for liberation from poverty and disease. 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 young people, 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 those days, the key concerns on the continent were related to the political independence of African states. Ideas proliferated 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 meanwhile, the nations of Asia 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 the 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.

The international community intends to assess progress towards the Millennium Development Goals in 2005, 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. The key Millennium Development Goal is to halve the proportion of people living on less than $1 a day and halve those who suffer from hunger by 2015. Currently, East Asia has met that target, and South Asia is making impressive progress towards the 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 Millennium Development Goals were launched, to about 50% of our population now.

Africa also lags 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 predict that by 2015 the world will have pulled even further ahead of Africa.

The issues faced by my generation, the African graduates of the late 1960s, and those faced by the first generation of the twenty-first 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.

Historians might recall the inspirational statement of Dr. Kwame Nkrumah, one of the OAU's founding fathers, at the launch of the organization in Addis Ababa in 1963. He said:

*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.*

Nkrumah's call for Africa to unite is even more urgent today than it was when he made it, 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 other countries 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 practice-ground in the process of learning to operate globally. But greater intra-African integration will also improve our lives at home. 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 list 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-bor-
der humanitarian and negative economic impacts, 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 third, 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 conflicts in the future.

To our young people, I say that these are all issues that touch your daily lives as they affect, 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. The issues 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, which is a critical factor, especially for young people. 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.

The essence of what I have outlined so far is not new. Africa has been trying to integrate for many years. Addis Ababa is the host city 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 that 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 the ECA's report, 'Assessing Regional Integration in Africa,' showed last year, the balance sheet of progress towards African integration presents a mixed picture. On the plus side, our research found that, yes, Africa is making some progress.

In peace and security, both the Economic Community of West African States (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, Côte 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 Democratic Republic of the Congo and elsewhere in the region.

In trade liberalization and facilitation, the West African Economic and Monetary Union and the Common Market for Eastern and Southern Africa have also made significant progress. On the free cross-border mobility of people, ECOWAS and the East African Community have made strides: both 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, transport 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% of the two million kilometers 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 mari-
time transport and port sector, which accounts for about 95% of Africa’s international trade, is still operating with sub-standard equipment. Poor infrastructure is 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.

To name just a few key areas, 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 harnessing physical resources. So, progress has not matched ambition. While there have been some important gains, 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 along the lines already described. 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 scaling up financing to quickly improve and expand roads and irrigation, and to fund larger projects such as 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. For example, both official and unofficial checkpoints are characteristically found on any major African road. The journey from Lagos to Abidjan has one every 14 kilometers! In Côte 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. So, we must address corruption.

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 1 day for customs clearance versus 30 days on average for Ethiopia. So cutting red tape, 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, and 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 harmonization 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 may be helpful. The Commission, on which I was honoured to serve alongside Prime Ministers Tony Blair and Meles Zenawi, President Mkapa and other African and international leaders, has made several recommendations aimed at spurring a big push for Africa. The case was made for a major increase in investments to fund the upgrading of infrastructure, capacity-building and other projects that are so necessary.

Next, let me turn to the issue of implementation. Primary action needs to be taken at the 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 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 players. The ECA must work with the AU and African countries to identify the best policy options for rationalizing and harmonizing the Regional Economic Communities as the main institutional building blocks of regional integration.

I also believe that a strong ADB, working closely with the AU and the 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. 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 capacity and institutional capacity.

Time and again, in every area the Commission for Africa investigated—whether governance, health care, 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. 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 more than 23,000. Our universities also lack human resources, such as teachers, lecturers, administrators and managers. Unattractive employment conditions, the brain drain and HIV and AIDS are depleting capacity. Faculties are ageing. Yet demand for higher education is increasing. In 2000, Nigeria had the capacity to accept only 12% 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 10-year partnership programme led by the African Association of Universities, the South African Association of Vice Chancellors and the Association of Commonwealth Universities. 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. We have therefore called on partners to provide US$500 million a year over 10 years, starting this year, to revitalise Africa's institutions of higher education.

We also need specific action for strengthening 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% 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 practiced 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 provide 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.

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.

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 to working directly to meet the common needs in Africa, and help build our continent.
Let me end by quoting another OAU founding father, the late Mwalimu Julius Nyerere of Tanzania, at the fortieth anniversary of Ghana's independence in Accra in 1997. He said:

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.
K.Y. Amoako is a leading voice on African development. As Executive Secretary of the UN Economic Commission for Africa, 1995-2005, he focused on identifying effective policy solutions to Africa's socioeconomic challenges. Thanks to his comprehensive understanding of the issues at hand and global advocacy for more intensive engagement by both African policymakers and international partners, he has been invited to join several leading international initiatives, including the Commission for Africa convened by UK Prime Minister Tony Blair in 2004-5.

Dr. Amoako's view on the region's economic prospects is set out in this collection of lectures, given between 2000 and 2005. He presents a candid assessment of the continent's quest for faster economic growth and poverty reduction and also offers policy prescriptions for freeing up the constraints preventing sustainable development. The nine lectures paint the 'big picture' but also provide a roadmap showing how Africa can respond to globalisation, including critical interventions in areas such as the battle against HIV/AIDs, and the transformation of the agricultural sector.

Before joining ECA, Dr. Amoako worked at the World Bank as a country representative in countries including Zambia and Brazil, eventually holding a number of senior positions in Washington, D.C. He chairs the UN's Commission for HIV/AIDS and Governance in Africa (CHGA) and served on both the Commission on Capital Flows to Africa and the World Health Organization's high-level Commission on Macroeconomics and Health (CMH). Dr. Amoako first studied economics at the University of Ghana and later did his M.A. and Ph.D. in Economics at the University of California, Berkeley.