Statement to 3rd Joint Meeting of AU Conference of Ministers of Economy and Finance and ECA Conference of African Ministers of Finance, Planning and Economic Development

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Lilongwe

Mr. Ken Kandodo, Minister of Finance of the Republic of Malawi
Mr. Abbia Shawa, Minister of Development, Planning and Cooperation
Dr. Maxwell Mkwezalamba, Commissioner for Economic Affairs, African Union Commission
Mr. Yasser Sohbi, Representative of the Arab Republic of Egypt
Excellencies
Distinguished Ladies and Gentlemen

I am delighted to be here in Lilongwe and wish to welcome you all to this Joint Meeting of the AU Conference of Ministers of Economy and Finance and the ECA Conference of Ministers of Finance, Planning and Economic Development. This third meeting in the series is a concrete demonstration of the strong partnership that AUC and ECA have developed to promote the economic and social development of Africa.

To begin with, I wish to express sincere appreciation to the Government and people of the Republic of Malawi for their warm and generous hospitality as well as the excellent arrangements that have been made for this meeting. In this regard I thank Hon. Ken Kandodo, Minister of Finance and his staff for their hard work and efforts to ensure the success of this meeting. We at ECA are particularly happy and proud that this meeting is being hosted during the tenure of H.E. Dr. Bingu wa Mutharika, President of Malawi and current Chair of the African Union, who is one of the pioneering Africa intellectuals who set up ECA and helped to make it what it is.

Let me also thank the out-going Chairperson and other members of the Bureau for their first-rate performance in leading the work of the Committee of Experts. In particular, I express our heartfelt appreciation to the Government and People of the Arab Republic of Egypt, hosts of the last session of this joint meeting.

This annual gathering is an important one in the African development landscape. It enables Africa's leading development experts to exchange views on Africa's progress over the past one year and on what ECA has done in pursuit of its mandate over the past one year. Your meetings also enable a review of a broad range of issues of development interest and spur debate on a specific and topical theme, in this instance on "Promoting high-level sustainable growth to reduce unemployment in Africa".

Since the last Conference, the continent continued to feel the effects of the economic crisis arising from the combined impact of the food, fuel and financial crises that erupted in recent years. The GDP growth rate of 1.6% in 2009 was a sharp drop from 4.9% in 2008 which itself was a decrease from the average trend of nearly 6% achieved since the beginning of the new millennium. As a result of the combined crisis, poor African households, whose purchasing power was reduced by higher food and fuel costs also had to contend with lower incomes due to rising unemployment and reduced remittances. It was no wonder that the number of undernourished people on the continent reached 265 million in 2009.

ECA's work in 2009 was to a large extent shaped by its commitment to helping Africa fashion suitable and coherent policy responses for mitigating the varied impact of the crisis and other prevalent challenges. We continued to support the Committee of Ten Ministers of Finance and Governors of Central Banks which was charged with articulating Africa's common response to the crisis especially with regard to G20 processes. We are similarly working closely with our partners to explore innovative options for domestic resource mobilization, which was the theme of last year's meeting, on issues such as the potential for using Africa's foreign exchange reserves and increasingly huge pension funds to spur continental development.

Another area of focus was climate change which continues to pose serious difficulties for Africa and which is why it is imperative that we continue to participate actively in global processes in this area. While the outcome of the Copenhagen Climate Change Conference may not have met our full expectations of reaching a binding agreement, we must acknowledge its significance as it created an unprecedented scale of global awareness about the enormity of the problem and need for urgent solutions. I am also firmly convinced that the financial commitments made in Copenhagen to provide $30 billion to developing countries by 2012 and $100 billion annually thereafter to 2020 are credible and can be met.

This puts the onus on us to propose ways by which a significant proportion of such funds are made available to African countries without onerous conditions for accessing them. In particular, Africa's experts, financial and climatic alike, must work closely with the African Climate Policy Centre to develop a collective and viable contribution to the work of the Advisory Group on Climate Change Financing established by the Secretary General of the United Nations and
Co-Chaired by Prime Minister Meles Zenawi of Ethiopia. Prime Minister Gordon Brown of the United Kingdom.

As we prepare for the next Conference of Parties in Mexico later on this year, Africa must maintain its commitment to speak with one voice to ensure that the emerging policy regime takes full account of our interests. To contribute to the process and ensure consultations and exchange of views by a broad range of stakeholders and partners, it has been decided to dedicate the seventh session of the African Development Forum taking place in Addis Ababa in October this year to the issue of climate change.

The beginning of this new decade leaves us just five years to the target date set for achieving the Millennium Development Goals, the MDGs.
It also marks the 15th anniversary of the Beijing Women's Conference for which an African Regional Review Conference was organized in Banjul late last year following a similar 15 year review of the International Conference on Population and Development. These reviews as well as the 2009 African Women's Report revealed that Africa continued to make progress in vital areas of gender and social development, although there remains a lot still to be done. A similar conclusion can be reached from the 2010 report on "Assessing Progress in Africa towards the Millennium Development Goals" which is to be presented at this meeting prior to submission to the Heads of State and Government as required and which I hope will prepare and inform Africa's participation in the High Level Meeting on the MDGs to be convened in New York in September this year.

There has, indeed, been a tendency to lament the rate of progress being made by Africa to achieve the MDGs. However, as the MDG report shows, aggregation sometimes blurs the significant achievement of individual countries while targets that are on course to be achieved are often masked by focus on those that seem unlikely to be met such as poverty reduction. Indeed, there is interesting new evidence which shows that poverty in Africa is falling faster than the conventional wisdom would indicate and that the continent is on track to achieve the poverty reduction goals just a few years after the target date.

This positive news must however be tempered by the worrying situation of unemployment in the continent, where the effect of previous jobless growth has been compounded by the economic crisis. As a result of the crisis, global unemployment peaked at 212 million people in 2009 and its impact was even greater in Africa where there is also a high degree of underemployment. Employment is key to providing incomes and reducing poverty as well as for acquiring job related skills and it is because of its importance to development that it was chosen as the theme of the 2006 ECA Conference of Ministers and the 2005 Economic Report for Africa.

This gathering would need to ponder on what has been achieved since then. What is clear however is that the current economic crisis provides an opportunity to pursue policies that not only mitigate the prolonged effects of the recent global downturn but also steer the continent on a path of high, sustainable and employment-friendly economic growth. The Issues Paper prepared for this meeting and the 2010 Economic Report on Africa examine these issues and will no doubt enrich your debate which should also take account of the Global Jobs Pact adopted by the International Labour Organization and the UN Economic and Social Council to stimulate economic recovery, generate jobs and provide social protection.

Overcoming Africa's unemployment challenge also requires innovation and commitment. Opportunities that exist in key sectors like agriculture, industry and ICTs must accordingly be exploited to the fullest. In addition to its importance for employment and contribution to GDP, agriculture is essential for ensuring food

security, overcoming malnutrition and accelerating economic transformation. The experience of Malawi is proof enough that appropriate policies and the right mix of inputs can transform African agriculture. Such transformation will also enable African countries to benefit from the higher share of value-added products in global trade.

A key requirement for enabling this to happen is regional integration which will facilitate intra-Africa trade and enable African countries to work together to erect the policy regimes and infrastructure that are needed to expand their small, fragmented markets. It also goes without saying that access to finance is a critical component of the development process, which is why we welcome the commitment made by the G8 Summit in L' Aquila, Italy to set up an Agriculture Development Initiative for Africa to mobilise US $20 billion in support of the Comprehensive Africa Agriculture Development Program (CAADP). Africa's partners should also honour their other existing commitments to provide assistance in support of Africa's development aspirations.

As we explore options for creating jobs and promoting development across the board, it is clear that the nature of the African state must also change. In addition to improving its capacity to deliver services and implement policies, the state in Africa must also govern well. Improvements in the African polity exemplified by more frequent elections and reduction in violent conflicts and civil wars must be matched by the organization of fairer and more transparent elections and the stamping out of the scourge of corruption. This is a key message emanating from the second African Governance Report published in 2009.

Partnerships are essential if Africa is to consolidate on its economic, social and political gains. The NEPAD agenda remains as relevant as ever just as the advocacy efforts of the Coalition for Dialogue on Africa is now beginning to be felt in the area of regional integration. In recognition of the importance of mutual accountability in improving development effectiveness and outcomes, ECA and the Organisation for Economic Development and Cooperation (OECD) continue to monitor results achieved relative to commitments made on the side of Africa and its international partners to the African development agenda through the Mutual Review of Development Effectiveness in Africa report.

In the context of coordinating and mustering support to Africa, the Regional Coordination Mechanism (RCM) has come a long way from an inter-agency consultative meeting to a mechanism for providing coherent and coordinated support to African regional and sub-regional organizations. The African Union Commission (AUC), the NEPAD Planning and Coordinating Agency (NPCA), and the Regional Economic Communities (RECs) have now taken centre stage and become part and parcel of the mechanism, which initially started as a United Nations (UN) affair. This coordination arrangement is also being extended to the sub-regions with the recent convening of the Sub-Regional Coordination Mechanism for East and Southern Africa in Kigali, Rwanda just last week.

The strong partnership between ECA and the AUC was given further push when an AUC-ECA Partners Forum was organized in December to present the new AUC Medium-Term Strategy and the ECA Business Plan 2010-2012. The new ECA Business Plan builds on the strategic orientation of the previous plan which was focused on Africa's priorities. Through intensified engagement and dialogue we will ensure that the various partnership forums are sustained and that the resources provided are effectively and efficiently managed and utilized We count on the support of our member States to successfully implement the Business Plan over the next three years.

The attainment of the concrete objectives that we set out to achieve in the repositioning of ECA in 2006 required that the secretariat remained focused on delivering its work programme in a coherent and results oriented manner. Accordingly, we undertook a review of our performance three years after ECA's repositioning. On this basis, minor organizational changes were introduced to overcome fragmentation, remove bottlenecks and improve service delivery. We will of course continue to make improvements where required and I count on your cooperation to ensure the success of our collective endeavour. We are undertaking a similar process with the repositioning of IDEP on which you will be briefed later on in the course of this gathering.

Let me conclude by stating my firm belief in Africa's prospects in spite of the numerous challenges that we face. As Africa's leading finance and development experts, I have no doubt that the ideas and policy options emanating from this meeting will contribute to and enrich the forthcoming Ministerial Conference.

I wish you successful deliberations. Thank you for your kind attention.