

**OPENING SPEECH FOR THE ANNUAL MEETING OF THE ECONOMIC  
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**DELIVERED BY MR MANDISI B M MPAHLWA, DEPUTY MINISTER  
OF FINANCE, REPUBLIC OF SOUTH AFRICA**

Executive Secretary and your delegation from the United Nations, distinguished delegates and ladies and gentlemen,

Welcome to South Africa.

It is my great privilege today to open the 2002 Annual Meeting of the Economic Commission for Africa here in Johannesburg.

We meet at a particularly critical point in time for the future development of the African continent. The major regional economies of our world, North America, Europe and Japan, face economic difficulties not encountered since the early 1930s. The economies of Latin America are caught in the wake of Argentina's crisis and its cascading effects through the region. International investors are frozen by uncertainty and heightened levels of risk aversion.

The big question is the possible war against Iraq and its impact on global economic prospects.

Not all is gloom, however. East Asia's economies have successfully weathered the financial crisis of 1998, registering strong improvements over the last few years in growth rates and current account sustainability. More importantly for us gathered here, Africa has embarked on a multi-tiered process of economic renaissance. The establishment of the African Union and the elaboration of the New Partnership for Africa's Development reflect a new level of commitment to realising our ambitions to bring our continent into a new age of peace, security, stability, economic growth, development and prosperity.

We gather here as one of many steps to transforming that ambition into reality.

In some ways, we do not realise how close we are to launching ourselves into a new period of economic growth and prosperity. Over the last 10 years, we have made great strides in setting the stage for growth, through regional integration, macroeconomic stabilisation, improving our trade policies, and attracting more foreign capital. Moreover, we are making significant progress in eliminating the scourge of civil war that has afflicted some of our

countries. Furthermore, the continent is making great strides in entrenching the culture of democracy, free and fair elections and respect for human rights.

Economic growth in Africa is expected to average 3.1% this year and 4.2% next year. This is more than twice the average growth we achieved from 1984 to 1993, and marginally higher than the average for all developing countries.

Macroeconomic stability is being consolidated, with average consumer price inflation rising by about 9.7% in 2002, down from 13.2% in 2001, and 54.6% in 1994. Underpinning these improving inflation figures are our fiscal balances, which have declined from -5.2% of GDP in 1994 on average to -2.1% in 2001.

There are many other successes to recount at the macroeconomic level, but these meetings are not meant to be an opportunity to congratulate ourselves too much. Instead, we meet to discuss practical implementation issues... how do we deliver NEPAD?

These are not abstract deliberations, because lying behind the question of how to take NEPAD forward are questions such as... how to take our macroeconomic gains down to the farmers in our rural villages and to the shopkeepers and hawkers in our cities... and, how to ensure that mothers can raise healthy children that can take advantage of well-run schools. In other words, implementing NEPAD is about helping us to meet our macroeconomic and microeconomic challenges.

Over the last two years we have seen a number of international meetings such as the Millenium Summit that produced the Millenium Development Goals, the Monterrey Consensus, World Summit on Sustainable Development, and the Brussels Plan of Action for Least Developed Countries all of which embody the notion of partnership, which has been elaborated to address the serious challenges in the international financial architecture, poverty reduction and development facing the global community.

Forums such as the Annual meetings of the Fund and Bank are critical opportunities for us to push our more developed partners into living up to the agreements reached and commitments made in Monterrey, Johannesburg and Doha. Forums such as this one provide the opportunity for us as African Finance Ministers and Deputies to make good on our end of the partnership not because anybody say so, to show leadership in identifying and resolving the serious challenges confronting us. A number of those challenges confront us now.

An immediate challenge is to ensure that African countries prioritise actions agreed by Heads of State and which are detailed in the NEPAD documents. Prioritisation is not in itself always easy, not least because it means that we must develop the necessary human capital and devote it to institution-building, policy formulation and implementation.

We are fortunate, to have the able and dynamic assistance of the Economic Commission for Africa and the broader UN system to help us to achieve our aims in this regard. But it seems important to remember that achieving real ownership by Africans and developing our capacity means committing ourselves to specific outcomes.

In particular, we must move along the path set out by our Heads of State by using our time together here to:

1. Commit ourselves, alongside the ECA, to a set of activities to be undertaken within NEPAD, with a focus on implementation and, where necessary, efforts to increase capacity-building.
2. Identify overlapping agendas with regard to the various Programmes of Action and make suggestions on preparation/implementation/evaluation efforts so as to avoid duplication.
3. Review, comment on, and confirm the content of the economic and corporate governance features of the APRM (African Peer Review Mechanism), focusing in particular on the use of the international standards and codes.
4. Examine the implications and modalities of interaction between the APRM and the efforts of African countries to achieve the MDGs, including the PRSPs, the HIPC Initiative and the ROSCs.
5. Make a statement on the modalities of monitoring and evaluating country performance in the APRM.

Part of our meeting here, moreover, is to discuss and ratify a number of statutory issues regarding the operations of the Commission.

In our deliberations on these matters, it would be helpful, I believe, if we could consider how the statutory issues lend themselves to developing the ECA into an institution best aligned to support African countries in achieving the technical and capacity-building aims elaborated in NEPAD. A number of areas of capacity-building stand out, including public expenditure management, domestic resource mobilization and revenue-generation, and assessing the impact of our social policies.

Capacity-building should also play a critical role in ending the marginalisation of many of our countries. For that reason, and others, it is important that we move forward in these meetings on approving the Brussels Programme of Action on the LDCs.

The Annual Meetings of the Fund and Bank held less than a month ago made significant progress on the commitments made by developed countries to improve the effectiveness of bilateral aid, to renew efforts to meet development finance commitments, and to ensure that the Highly Indebted Poor Country Initiative is fully funded.

Each of these areas is critically important, as we all know, to creating the right conditions for growth, development and sustained poverty reduction in our countries.

The external environment in which we operate, however, is not fully under our control. Some might argue that we in fact have little influence over it. This latter view is only correct, however, insofar as we deny a reciprocal relationship between what we do in our national economies and what happens in the rest of the world. I would like to suggest, rather, that to change the world, to increase our influence in it, requires that we take up the challenge of African Renaissance to reform our economies in the interests of good economic governance, market expansion, and poverty reduction. Not only do the immediate benefits directly accrue to our people, but the positive externalities will make subsequent reforms easier to undertake.

In sum, as African Finance Ministers and Deputies, we must realize that the economic prosperity and welfare of our people depend on us breathing life into the notions of 'partnership' and 'ownership.'

At this very venue was framed the Johannesburg Plan of Action for Sustainable Development. I would thus hope and wish that our deliberations will be as successful. The WSSD brought into sharp relief the issues of development for our people here in South Africa and elsewhere. We saw massive campaigning and mobilisation around issues of development by our own people and by a range of political, social economic and civil forces from around the continent and the rest of the world.

As a country we are dealing with the many facets and challenges of development for which the active participation of the whole society is required. Part of the challenge is to recognise that there will always be differing views to the best path for development.

The space must exist for alternative views to be freely expressed without fear. In South Africa we strenuously defend the right to meet, organise and speak freely.

Welcome to Johannesburg.