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Action for a strong and prosperous Africa

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Commission for Africa Consultation of the Economic Theme

Cape Town, 17-18 January 2005

OPENING SESSION

Honourable Ministers, fellow Commissioners, representatives of pan-African organizations, colleagues, dear friends…

I would like to welcome you to my hometown, Cape Town, a beautiful city, yet filled with huge contradictions. On the one hand, Cape Town has some of the world's most expensive real estate, and on the other it is also home to tens of thousands of South Africa's poorest people. Newspaper headlines this morning will inform you that 12000 Capetonians lost their homes in a fire this past weekend. It is to these people that the CFA commits its work to ensure a better quality of life and better opportunities.

I would also like to welcome you to this is very important consultation on the economic theme of the Commission for Africa. I am both honoured and pleased that so many of you could join us (commissioners, pan-African organizations, and African decision-makers). It is important that we jointly own the report of the Commission for Africa.

The work of the Commission has been a tremendous learning experience for all of the Commissioners. So, whilst we are all committed to lifelong learning, we still need a product. The deadlines are defined for us – in July the UK Government will host the G8 summit at Gleneagles - we as the Commission must have a persuasive argument ready. Economic developments in Africa will be one of two items on that agenda. The African opportunity story will have to be told through the Commission Report, so the value of the perspectives and experiences of Africa cannot be sufficiently emphasized. Until the lions tell their story, only the hunters will be heard. For us the lions this becomes our moment.

In 2002, the Monterrey Consensus established the idea of development partnerships as a way of cohering the work of the developed and that of the developing world. Strong principles, but not much action yet. This Commission gives further life to that idea of partnership – to support and invoke the many existing channels through which we approach the development of our economies.

Africa's economic development is in our hands. We have established continental institutions to help implement the pragmatic and ambitious programmes that we have devised and started. We are strengthening our regional economic institutions to fulfil the role assigned to them in the New Partnership for Africa's Development (NEPAD) and by the African Union. NEPAD itself gives robust expression to our development aims.

Regional economic integration is proceeding apace, with major advances in the streamlining of investment and competition policy frameworks, customs regimes and trade policies, and in many other areas. A new initiative on budget reform and public expenditure management was launched recently in South Africa with the enthusiastic participation of treasury officials from across the continent (CABRI).

More democratic states and fewer civil conflicts are just two signs of our progress. Africa has also achieved unprecedented macroeconomic stability, which is contributing to better economic growth rates than we have achieved in decades. According to the IMF, the average growth rate in 2005 in sub-Saharan Africa will exceed 5 percent. Inflation is expected to average 9.9 percent in 2005, compared to 41 percent in 1994. Underpinning these improved inflation figures are sound fiscal balances, which have improved from 5.2 percent to GDP in 1994 to an expected 0.9 percent in 2005. Deep and grinding poverty remains a daily reality notwithstanding the focus on macroeconomic policy – which is necessary but remains insufficient.

Africa is ready for a new kind of partnership. Our absorptive capacity has improved. The World Bank has estimated that many countries in Africa could make effective use of substantially higher resource flows. Investment inflows are improving, but we continue to capture only a marginal share of global FDI flows and market access.

An important way for our development partners to support Africa's efforts is to ensure that official and private finance is sufficient to fund national development programmes, finance our infrastructure objectives, and assist in the improvement of our human capital and state capacities.

In September of this year, heads of state will review the MDGs five years on. The result of progress is not good. Already research by the CFA tells us just how steep the gradient is. Yet we are morally bound to achieve them.

Meeting the financing needs of the MDGs would require at least $25 billion annually. The Commission consultation document and draft papers will discuss the financing needs for infrastructure, service delivery, agriculture and many other areas in specific ways. Much of that discussion will be geared toward defining costed ideas for our development partners. It seems important, moreover, to be clear about the debt relief goals of the Commission. Recent experience suggests a renewed flexibility in the treatment of debt and the readiness of developed countries to write off its servicing and/or the stock.

It is appropriate to recall a single decision by the Paris Club to write-off Iraq's debt – more debt relief has been provided for a single country in one day than in all of HIPC put together.

At the same time, we need to consider the role of our own domestic financing strategies. What are the reforms to our state institutions, regulations and policies that will increase our own capacity to finance development? What can the development assistance programmes of the international financial institutions and bilateral donors do to assist us in these areas?

Our research shows clearly that one means of advancing the pace of our growth and spreading it more widely through our populations is to take advantage of the opportunities we have to expand trade, both with the rest of the world and amongst our own economies. In many ways, achieving industrial diversification of our economies depends on trade.

We will also discuss the question of trade and the issues involved in expanding it. Clearly much can be done here, but whether we talk about trade in Africa or trade with the rest of the world, political will of our governments to see trade expansion succeed is critical. Talks in the World Trade Organization are proceeding, perhaps too slowly, and we should consider the Commission as an opportunity for us to be specific in what we believe will move those talks along and create economic benefits. The same applies to our discussions of intra-African trade.

The final Commission report will tell a pragmatic and positive story. As the development theorist Gunnar Myrdal once noted: our "knowledge, as well as our ignorance, at any time and on every issue, tends to be opportunistically conditioned, and thus brought to deviate from full truth." Not least this applies to how the rich countries tend to look at what was then referred to by the static term, the "backward regions." Continued economic stagnation in great poverty was taken for granted. It is past time for this perspective to be put behind us. Africa's progress in economic development gives us confidence to consolidate and accelerate our reform efforts.

The Monterrey Consensus suggested that, as an international community, we had arrived at a basis of partnership. Developing countries would undertake policy and institutional reforms, while the developed countries would agree to assist in those efforts and to create an enabling international economic environment. Such partnerships would take us away from conditionalities to performance indicators and from one-size-fit-all models to using our collective knowledge in shaping processes of changing economic and social structures, creating economic opportunities, empowering economic agents and building institutional capacity of the state.

In my conversations with my colleagues in Africa, emphasis has always been given to the responsibilities of African policy-makers. We will integrate this into the report – because it can never be about just asking for help. We face distinct responsibilities for strengthening our institutional capacity to make enhanced partnerships possible.

Allow me to conclude by welcoming all of you yet again to Cape Town, and expressing my confidence that the next two days will be a fruitful addition to the work of the Commission for Africa.