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Statement by the Chairperson of the African Union
Commission, HE Dr. Nkosazana Dlamini Zuma
to the
Opening session of the Meeting of Ministers of Finance,
Economic Planning and Integration

4 April 2016. Addis Ababa

Check against delivery

The Outgoing Chairperson of the Bureau of the Minister of Finance, Economic Planning and Integration, Minister from Tanzania

Your Excellency, Hailemariam Desalegn, Prime Minister of the Federal Democratic Republic of Ethiopia

Excellencies, Vice President of Namibia, and the Prime Minister of the Democratic Republic of Congo

Your Excellency, Dr. Carlos Lopes, UN Under-Secretary General and Executive Secretary of ECA

Dr. Akinwumi Adesina, President of the African Development Bank

Excellencies, Ministers of Finance, Economic Planning, Monetary Affairs and Integration

Excellencies, Deputy Chairperson Erastus Mwencha and other AU Commissioners

Honourable Central Bank Governors

Excellencies former Heads of State and Government, Members of the Africa Forum and its Chairperson, former President Chissano

Excellencies, Representatives of UN Agencies, the Diplomatic Corps and International Agencies

Officials from Capitals

Distinguished Participants and Panellists

Ladies and Gentlemen

A warm welcome to Addis Ababa, the African capital and to this very critical gathering of the Joint AU and UNECA meeting of Finance, Monetary Affairs, Economic Planning and Integration Ministers.

We appreciate the legendary hospitality from our host, the Government and People of the Federal Democratic Republic of Ethiopia.

Excellencies

This critical meeting this year takes place in a context where we have concluded the adoption of Agenda 2063, its first Ten Year Implementation Plan and the Sustainable Development Goals, and indeed we have started domestication and implementation.

Agenda 2063 and the SDGs have 90% convergence, and we are looking at working together on implementation, as well as the monitoring and evaluation and indicators. Agenda 2063 is Africa specific, and will help to meet our global obligations under the SDGs.

This focus of this important forum therefore needs to remain unflinchingly on the task of economic transformation: how to foster rapid economic growth based on sustainable industrialisation and diversification that creates jobs, enhances access to basic services for our citizens, reduces inequality and eradicate poverty. Indeed all these things are very urgent, because our young people are becoming impatient, if they are left idle, without jobs and skills, it will become a problem.

At the same time, there are critical trends, which we can either allow to derail the implementation of Agenda 2063, or strategise and act together so that we defend the gains of the last decade, and accelerate economic transformation.

Let me highlight some of these, also highlighted by my Brother Carlos.

Firstly, there is general agreement on the skills crisis that we face on the continent: shortage of skilled personnel is amongst the concerns raised consistently by business leaders as undermining competitiveness and confidence. Africa's contributions to innovation, science and technology and patents lag behind; and in the study by the African Capacity Building Foundation on capacity needs for Agenda 2063, the skills deficit in key areas such as engineers, scientists, including agricultural scientists run into the millions. The same study shows that

with the notable exception of Ethiopia, over 90% of our graduates are in the social sciences.

With our youth bulge, we must therefore ensure that more of them are educated and skilled, especially in the sciences, technology, mathematics and engineering sectors, so that they can be the drivers of innovation and development.

Secondly, Your Excellencies over the last few years have been talking about the critical issue of industrialisation and economic diversification. At country and regional levels, we are beginning to see initiatives for beneficiation of key African commodities, from cassava, to leather and textiles, light manufacturing and pharmaceuticals, as well as beneficiation in the extractive sector (oil, gas and minerals), including diamonds, albeit at infant level.

Our Ministers of Finance and Economic Planning, as well as our Central Bankers, must help to foster conditions to support industrial policy and job creation, through macro-economic policy. For us to turn our youth bulge into an opportunity, we must create millions of jobs each year, in addition to skilling our young people and women.

The Paris Climate negotiations resulted in important global commitments, to reduce emissions and move towards greener growth. As a continent we have an opportunity as said earlier, to pursue industrialisation in a greener way, including through initiatives in climate smart agriculture, renewables and reforestation, and the use and development of other green technologies, to name but a few.

Our guest speaker yesterday at the Adedeyi lecture, Prof Ha-Joon Chang highlighted the impact of manufacturing on economic development, and the need to start and learn by doing, and not wait until we have perfect conditions. We recognise that countries have and are taking initiatives, but more need to be done to aggregate and strengthen this, so that the Accelerated Industrial Development of Africa (AIDA) gains momentum.

Furthermore, we cannot look at others to fund our industrialisation, because they are unlikely to do so. We must therefore get on with the programmes set out in the Strategy for AIDA implementation, namely facilitating access to credit and

private financial resources; regional stock markets, investments by development finance institutions; and harnessing resources in pension and other funds for industrialisation. Again, we need to hear your views, our Esteemed Ministers and Central Bankers on these issues.

Thirdly, the challenges we face in agriculture with extreme weather conditions mean that we must do more to ensure the modernisation of agriculture and agro-processing. Several regions face extreme drought, and a number of countries have been victims to floods and some this year.

The CAADP target of raising investment in agriculture to 10% is meant to help build resilience in agriculture, increasing agricultural land under irrigation, building storage facilities, provide access to seeds and extension services and improving logistics.

Africa imports over 83% of the processed food it consumes, putting pressure on our foreign currency reserve. As we therefore continue to talk about the need to industrialise, what are we doing as Ministers of Economic Planning, Finance and Integration to reverse this situation, product line by product line and working together to build regional value chains?

As we deal with effects of extreme weather conditions, we must respond to the immediate humanitarian situation faced by farmers and rural communities, but at the same time not delay what should be done today to build resilience and climate smart agriculture.

Fourthly, over the last decade or so, public sector investment in much-needed infrastructure (transport, social, ICT, energy, etc.) has grown at a faster pace than general government expenditure, with most infrastructure funded by African taxpayers and resources. We must defend and expand this trend, since this too has been part of the drivers for growth we have seen over the last decade or so. In fact, we have to be bold and make the choices on these investments, since infrastructure is so critical to economic diversification and industrialisation, especially energy.

Dr. Lopes started to address the concern raised yesterday at the Roundtable on Drought and Commodities, what to do about the concerns about African debt levels, and the fact that African countries are being told not to allow this to go beyond a certain level of GDP, even when they need to borrow to invest in much needed infrastructure, so critical to economic and social development. I hope that our Ministers and Central Bankers have an answer for this as we discuss.

Fifthly, it has been said before that we must develop the African private sector, to build its competitiveness, innovation and transformative impact. Across the continent, in many sectors – finance, construction, cement, telecommunications, retail, agro-processing, in shipping – we have companies: large, medium and small that are entrepreneurial and agile in striving to meet the needs of African consumers. Many of them are playing an important role in economic integration and intra-African trade and investments. As governments, RECs and continental institutions, we must do much more to support the growth of this African private sector, including facilitating entrance into new sectors such as the green and blue economies, as a critical part of our industrial policies.

It also means that as a continental leadership, we must continue to engage global institutions on Africa's right, and indeed responsibility, to pursue our endogenous development framework, since those imposed during the 80's and 90s have so dismally failed the African people.

Excellencies, Ladies and Gentlemen

Critical to all the above is what we do at a country and regional level to ensure that we develop our people, build infrastructure, grow our economies and develop people centred institutions that put the interests of the African people first.

As part of this drive, we must continue the push for integration. The reality is that the cost of non-integration is growing: in the aviation and other transport sectors, in the energy sector, in building viable regional value chains, in the blue economy and in our skills deficit.

As a continent, we are making progress, if we look at the advances by the RECs such as EAC and ECOWAS on free movement of people and goods; all the RECs on their transport corridors, and in some on the regional customs unions, and intra African trade and investments. For example, intra-regional trade in intermediate and capital goods, grew at more than 11 per cent annually between 1999 and 2013.

The first Continental Free Trade Area negotiation forum sat in Addis last month, to develop its work programme after the launch in 2015. The Regional Energy Pools across the continent are increasingly playing a critical role to plan for and to mobilise for investments in energy generation, transmission, including renewable energy.

The January Summit of the AU adopted a decision that called on countries to introduce a 30- day visa on arrival for all citizens from African countries, so as to encourage intra-African trade, investments, business and tourism, and Member states are required to report on this by the time of the Summit in July this year.

It is worth repeating that the continent will not develop, if it tries to do so with half its resources. How public and private resources is spent between the genders, the economic empowerment and skilling of girls and women, and their involvement in the development of critical sectors such as agriculture and agro-processing, in manufacturing, the extractives and trade, the maritime and the green economy, not only at micro and subsistence level, but across the value chain, remains critical for Ministers of Finance, Economic Planning and Integration to consider and keep in mind. As I said at one of the round tables at this Forum last year, that there is nothing micro about women!

We must thank our Statisticians Generals for the work they have and are doing on the Agenda 2063 and SDG monitoring and evaluation framework and indicators, in addition to strengthening and working towards an African Data Revolution. This will help to ensure that we monitor progress and build collective accountability for the implementation of Agenda 2063 and SDGs.

We must all do more to resolutely push forward on all these issues critical to growth and integration.

Excellencies,

As Ministers in this forum, you are and have been seized with the matter of the financing of development at country level, and at regional and continental levels.

We agreed that domestic resources mobilisation is critical to sustain and speed up African development and the financing of Agenda 2063, including improvements in revenue collection and expenditure, stemming illicit flows from the continent, and ensuring that domestic resources are invested in the continent, rather than elsewhere. This remains a critical challenge and a number of studies launched over the weekend addressed this issue, but we need to implement.

The example of the African Risk Capacity agency and its interventions as a fairly young institution in capacity and funding to build resilience in managing drought is important, and we again call on all our countries to join in this collective African effort.

The continental monetary and finance institutions, such as the African Central Bank and Monetary Fund are critical towards the development of a financial architecture, that aids integration and harmonization of financial rules and regulations, as well as facilitate intra-African trade and investments.

Excellencies,

The Bahir Dar Ministerial Retreat of the Executive Council in January 2014 called for the establishment of an African Economic Platform (AEP) that will enable a strategic dialogue amongst governments, the private sector and academia on the role of each sector in moving forward these critical priority issues mentioned above. We are organising the first of these platforms at the beginning of June, back to back with the Assembly Retreat with Heads of State and Government and Ministers of Finance on the issue of the financing of Agenda 2063 and the AU.

Last, but not least we have just concluded the 7th UN Regional Coordination Mechanism for Africa, where we agreed on joint implementation between the

AU, RECs and the UN system and agencies, on Agenda 2063 and the Sustainable Development Goals, including common indicators and monitoring and evaluation framework. The Officials meeting of the Joint conferences also been discussed this matter, and I believe will provide recommendations.

This is an important step forward, to ensure that we all pursue the same goals, that we allocate resources efficiently and that we together monitor progress.

The deliberations over these couple of days should therefore provide important pointers to what needs to be done to move implementation of all these critical issues to the next level.

I wish you successful deliberations and look forward to the outcomes of these meetings.

I thank you