



**UNITED NATIONS  
ECONOMIC COMMISSION FOR AFRICA**

**Second Conference of African Union Ministers of the Economy and  
Finance (CAMEF II)**

**Statement**

**by**

**Abdoulie Janneh**

**United Nations Under-Secretary- General  
and Executive Secretary of ECA**

**Yaoundé, Cameroon  
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Your Excellency, Mr. Epharim Inoni, Prime Minister of the Republic of Cameroon;

Your Excellency, Mr. Polycarpe Abah Abaah, Minister of the Economy and Finance,  
Republic of Cameroon;

Your Excellencies, African Ministers responsible for Economy and Finance;

Your Excellency, Dr. Maxwell Mkwezalamba, African Union Commissioner for  
Economic Affairs;

Excellencies;

Ladies and Gentlemen;

I would like to start by thanking you Mr. Prime Minister and through you His Excellency, Mr. Paul Biya, President of the Republic of Cameroon and the Government and people of Cameroon for hosting this important meeting and for the authentic African hospitality and the welcome you accorded me and my delegation since our arrival in Cameroon. Furthermore, I would like to use this occasion to thank your government for the very valuable support you continue to give to the ECA sub-regional office for Central Africa.

I would also like to thank the Chairperson of the African Union Commission, Prof. Alpha Oumar Konare, for the opportunity to address this Second African Union Conference of Ministers of Economy and Finance and to participate in your deliberation on some of the key economic challenges facing our continent.

Excellencies:

In May this year, I had the opportunity to address you at the ECA Conference of Ministers of Finance, Planning and Economic Development and also at the African Ministerial Conference on Financing for Development in Abuja, Nigeria. Both Conferences discussed issues related to the ones on the agenda of this Conference.

Since the last five years, Africa's economic performance has improved, reflecting largely a general improvement in the overall quality of economic management and governance in the region. Despite these achievements, recent evidence indicates that if current trends continue, Africa is unlikely to meet the MDGs. Consequently, the region still faces serious challenges some of which are part of the issues slated for discussion at this Ministerial conference. Please permit me to share my thoughts with you on a few of these issues.

As you are well aware, in recent years there has been an increase in the volume of aid to Africa. In addition, several African countries have benefited from recent debt relief initiatives. This increase in resource flows to Africa has raised concerns about absorptive capacity in some quarters. At your Abuja Financing for Development Conference in May this year, you stated quite unequivocally that our countries have the ability and capacity to manage the expected increase in ODA flows in a manner that would not harm macroeconomic stability. The challenge for us, as a region, is to ensure that we quickly put in place the mechanisms that would enable us to take the fullest advantage of these additional resources.

An increase in aid flows to our region is a clear endorsement by our partners of the far-reaching economic reforms that you as Economy and Finance Ministers have been implementing in the recent past. Despite the recent increase in aid flows, the current quantity of aid to Africa is not enough to finance the investments required to meet the MDGs. In this regard there is the need to increase the quantity and quality of aid to the region. This flow of aid resources must be accompanied by the mobilization of domestic resources in support of the African development agenda. This would provide a sustainable mechanism and means for financing development in the long run.

Your Excellencies:

The environment in which you conduct macroeconomic policy has been changing quite dramatically in the past year and a half. Notably, there has been a tremendous increase in oil prices with dire consequences for net oil importers in the region and most African countries are now faced with challenges of reducing vulnerabilities to increases in oil prices. This may require the search and development of alternative sources of energy.

Excellencies;

We are meeting at a time when the Doha Round of trade negotiations is at an impasse. We are disappointed by this situation, because the Round inspired so much hope in our region when it was launched in 2001 as the 'development round'. A successful Doha Round with a strong development dimension will be to the benefit of

our region. It is therefore important that this conference comes up with a clear strategy to bring influence to bear on our partners to restart the trade talks. It is equally important that African countries remain vigilant and participate actively in discussions on how to make the Aid for Trade initiative operational. In this regard, I would like to express the strong willingness of ECA to contribute to the implementation of the initiative. We would be delighted to put the strong capacities we have built on trade to the service of African countries. Given our understanding of the potential challenges likely to be faced by African countries as a result of bilateral and multilateral trade reforms, ECA can contribute to making the Aid for Trade initiative achieve the desired outcomes in the region. We will also continue to provide technical support to our member States in the EPA negotiations.

As we work to restart the Doha Round, we also need to take advantage of the new opportunities presented by the emergence of new global actors in Africa, such as China, Brazil and India. Many of us were in China recently at the Sino-African Summit, where the deepening relationship between China and Africa was cemented. And, in a few days there will be another Summit in Abuja. This time, of African and Latin American leaders. The Summit will explore the possibilities of expanding trade and cultural relations between the two regions. We need to take advantage of these new opportunities to diversify our trade relations and reduce dependence on one or two regions.

The stalled Doha Round of trade negotiations also presents us an opportunity to deepen intra-African trade. Despite the modest efforts by the regional economic

communities, trade within Africa remains very low, accounting for about 10 per cent of the value of total exports. We trade less with ourselves than we trade with outsiders. This is untapped potential that we need to exploit. But the extent to which we do this depends on a number of factors: such as creating a conducive trading and investment environment. We need to provide regional public goods such as regional roads, air transports and other infrastructure. Our weakness in this area contributes a great deal to raising transactions cost which acts as a fetter on trade.

Excellencies:

The experts' meeting preceding this conference considered the issue of rationalization of the Regional Economic Communities. The problems arising from overlapping and multiple memberships in RECs have been amply studied and analysed. For example, our joint publication with the African Union entitled *Assessing Regional Integration in Africa II: Rationalizing Regional Economic Communities* contains suggestion on how to rationalize the RECs. Copies of this publication are available for distribution at this conference. In addition, the AU Commission, ECA and ADB intend to conduct further studies on the subject and to report the findings to AU Summit in July 2007.

Excellencies:

When I assumed leadership of ECA, I commissioned a Task Force to help me reposition the institution to much more effectively support you. The result of that

exercise was presented to you at the ECA Conference of African Ministers of Finance in Ouagadougou earlier this year. You whole-heartedly endorsed it. The Report was subsequently presented to and endorsed by the AU Heads of State in Banjul.

I am happy to report to you that we have prepared a very bold, results-based and outcome-oriented Business Plan to translate the vision of the Repositioning exercise into concrete activities. This Plan was launched in Addis Ababa last week by the UN Secretary General, Mr Kofi Annan and endorsed and supported by the chairperson of the AU Commission, H.E. Prof. Konare and the President of the ADB, Mr. Donald Kaberuka. The Plan seeks to significantly upscale ECA support to your development efforts, particularly in the area of regional integration as indicated in the strategic vision of the African Union and the RECs. This Plan includes emphasis on knowledge management and the promotion of statistical capacity building as well as the development of statistical systems and database. In this regard, we have created an African Centre for Statistics, which would work closely with the AU Commission and the ADB to support your efforts aimed at the continuous development of a culture of evidence-based policy formulation.

Excellencies:

In our ongoing effort to strengthen collaboration between the ECA and the AU Commission, I am pleased to report that we are having meaningful discussions with the AU Commission on the possibility of harmonizing the AU Conference of Ministers of Economy and Finance with the annual ECA Conference of Ministers of Finance, Planning and Economic Development. Finally, I would like to end by reassuring you that ECA would continue to support member States and the RECs and would accompany the AU in taking forward the outcome of this conference.

Thank you.