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KEY NOTE ADDRESS

Theme:

**Africa's changing development landscape
"Beyond Aid"**

by

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at

2nd Regional Meeting on Aid Effectiveness, South-South Cooperation and Capacity Development

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**KEYNOTE ADDRESS BY DR. IBRAHIM ASSANE MAYAKI, CHIEF EXECUTIVE OFFICER, NEPAD
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Theme: Africa's changing development landscape

*The President of the African Development Bank;
Honourable Ministers present;
Your Excellency, Deputy Chairperson of the African Union Commission;
Distinguished delegates
Representatives of Partner institutions
Members of the media
Ladies and Gentlemen,*

I am highly honoured to address you at this Second Regional Meeting on Aid Effectiveness, South-South Cooperation and Capacity Development in Africa, taking place here in Tunis. This Regional Event provides us with a unique opportunity to share perspectives and dialogue on the inter-related themes which will define and shape the development policy issues of the developing world, including Africa.

First, let me convey my special thanks to Mr. Donald Kaberuka, President of the African Development Bank for welcoming all of us most warmly to the beautiful Mediterranean city of Tunis. The warmth and serenity of Tunis as evident in the friendliness of the Government and people of Tunisia symbolize African solidarity and unity. I fully recognize the cooperation spirit between the NEPAD Agency and the African Development Bank in co-organizing this Second Regional Event. Most of all, I am grateful for this opportunity to deliver the keynote address on **Africa's changing development landscape**, at this opening plenary session.

Distinguished delegates;

Africa is witnessing a change dynamism that is globally acknowledged. Our Continent is making steady and considerable progress in its transformation agenda by embracing far-reaching political and socio-economic reforms in spite of the daunting challenges. This transformation development agenda is within a challenging, complex and ever-changing context. Indeed, African countries and peoples have become the epicenter of global attention, with virtually all sub-regions witnessing some form of positive change!

Undoubtedly, Africa's development space is changing for good! The African Union and its flagship NEPAD Programme encompass the spirit and essence of this African renewal. The commitment of African Leaders to the renewal agenda drives the prime values of ownership and leadership as the foundation of the Continent's new approach to development.

But what are the development issues facing Africa; which of these issues have captured global attention in the 21st Century? What factors shape the development landscape that we are in today?

How can Africa move swiftly and sustainably from aid dependency to development effectiveness? To these posers, I wish to highlight some key fundamentals:

1. Peace and security is sine qua non for African development. It serves as the bedrock of sustainable conditions for growth and development;
2. The urgency to attain the Millennium Development Goals (MDGs) given the substantive progress being made by many African countries
3. Pathway to shared growth and sustainable development for wealth creation and a prosperous Continent is home-grown policies and utilization of own resources
4. Improvement in good governance in all its ramifications relative to where the Continent was in the 1990s;
5. Devotion to re-energizing African unity and regional integration; and
6. Most importantly Africa's outlook to "*beyond aid*".

Therefore, this Second Regional Event is taking place at the back of the successful hosting of the First Regional Meeting held in Pretoria in March 2010 and was co-organized in South Africa in March this year. The 1st Regional consultative meeting opened up many areas of dialogue regarding the current aid architecture and its implications for Africa's development. One of the key successes of the Pretoria Event was that it stimulated new reflections on existing innovative mechanisms to enhance capacity for South-South Cooperation. This Tunis Event also follows Africa's fruitful participation in the Bogota High level Event on South-South Cooperation, Capacity Development in the context of Aid Effectiveness, which took place in Colombia early this year.

As we prepare for the upcoming Fourth High Level Forum on Aid Effectiveness in Busan, South Korea in 2011, our dialogue in this regional meeting should centre on harnessing all the opportunities for a mutually beneficial South-South cooperation and new thinking towards actualizing Development Effectiveness.

Distinguished delegates, Ladies and Gentlemen;

Features of the new global cooperation architecture and agenda

Africa has had a long standing relationship and built strong alliances with Development Partners over the years. However, this partnership is witnessing a silent revolution or paradigm shift in engagement strategies. With improvements in good governance and the pledge by African Leaders to place the continent on a sound footing for a deeper integration into the world system, is gaining foothold, new models of partnership are being constructed with new Partners from the emerging economies. The continent is promoting a global partnership for development that will help shape the livelihood of the present and next generation of Africans.

The current aid architecture shows a mixed picture. Africa receives a greater share of total global aid than any other part of the world. Over the past four decades, aid to Africa has quadrupled from around US\$11 billion to US\$44 billion with a net increase of almost US\$10 billion during the period 2005 -2008. But while aid to Africa has reached record levels, it has fallen well below international commitments and level of impact is contentious. Indeed, the impact from these

resource flows has been marred by a number of factors including fragmentation, question of ownership and low accountability, coupled with the recent economic and financial crisis.

Current forecasts suggest a US\$14 billion shortfall on the original Gleneagles estimate that aid would increase by US\$25 billion a year from 2004 to 2010. Amidst the concerns over the effectiveness of aid, Africa is confronted with new challenges and opportunities regarding the use of aid for development.

On the other hand, Development Aid from non-OECD countries and through South-South cooperation is growing rapidly and may represent a significant share of global aid flows. This experience can lead to exchanges and potentially effective relationships between “new” and emerging partners for Africa. Looking forward, we expect the international aid architecture to change with non-OECD partners playing a bigger role and South-South Cooperation becoming enhanced. Brazil, India and China are lead emerging players in Africa.

My key message here is to reiterate firmly and clearly: that though Aid will continue to be an important tool for Africa’s development, however, Aid cannot develop Africa. Development assistance cannot help Africa realize its sustainable development objectives. I am fully convinced that Africa’s development will be the result of African efforts that aim at utilizing innovative financing mechanisms and other forms of development finance, particularly domestic resources. Africa must start the thought process of what will exist *Beyond Aid!*

The internationally agreed principles of the Paris Declaration and the priority actions under the Accra Agenda for Action are global milestones that Africa fully associates with. However, delivery by development partners on their partnership commitments, particularly on use of country systems has been abysmally low.

In order for Aid to become more effective and sustainable it must be based on the premise of partnerships and joint accountability, with the principles of mutual responsiveness and ownership at the core of the engagement. Our focus should reflect a major shift of policy design strategy, “*aid is no longer the main determinant of policy design*”. The private sector, civil society and regional economic communities are becoming increasingly important in the development process, as well as taking firm ownership of policy design. The totality of citizen empowerment is at the core of the new African development landscape.

Africa's development cooperation interests: Core principles

Changing habits demand new thinking. Africa has prioritized the national and regional engagement on the inter-related themes of Aid Effectiveness, South-South Cooperation and Capacity Development. Under the auspices of the Global Task Team on South-South Cooperation inaugurated in September 2009, African Union Leaders are supporting the drive to mainstream Capacity Development in Aid Effectiveness and South-South Cooperation policy formulation and practice.

Through this process, the synthesis of the African analytical work of case stories to foster cross-regional learning and knowledge in promoting South-South cooperation is at the centre of action. In the build up to the Busan High Level Forum on Aid Effectiveness, African countries, Regional

Economic Communities, Civil Society, the private sector and development partners are being strongly engaged to support South-South Cooperation and Capacity Development initiatives.

Emerging Partnerships and cooperation mechanisms

Historically, African economies were closely integrated with the former colonial powers in Europe and with North America. In the last decades however, South-South Cooperation has assumed an important dimension in the relationship between Africa and the countries of the South. South South Cooperation is a multi-layered form of development cooperation with a long history, promoted at various multilateral platforms among Developing Countries. What we see emerging in practice are two distinct but equally important mutually reinforcing cooperation flows in the form of inter-continental and intra-continental south-south cooperation. Africa recognizes South-South Cooperation as an additional booster for development that complements the conventional North-South development Cooperation.

That is why “*everybody is talking about South/South Cooperation*”. Africa has been a partner in the establishment of a number of South-South partnership frameworks, particularly with the BRIC countries. Some of these partnership arrangements include the *Forum on China-Africa Cooperation, Africa-South America (ASA) framework*; and *India-Africa Forum*. Today, China, India and Brazil rank as Africa’s 2nd, 6th and 10th largest trade partners, respectively. Recent data indicates that the volume of trade between China and Africa exceeded USD 100 billion in 2008. This was an increase of around 45 percent from 2007 and a tenfold increase since 2001. Africa’s exports to China increased by 54 percent during 2008, while its imports from China increased by 36%.

To fully explore the potential that our continent has and to realize our development objectives, we have to continually build a well capacitated, strong and more effective partnership. This partnership should be reflected in the design of an all-encompassing strategy for Africa in its relationship with its southern partners. New rules for the game and a well-articulated game plan within the evolving global cooperation architecture will further inform these inter-continental partnership arrangements under the umbrella of the African Union.

At the Bogota High Level Event in March this year, I called for the adequate institutionalization of South-South Cooperation to properly shape sound development cooperation architecture among countries of the South. It is imperative that we formalize and fast track our South-South Cooperation to influence public policy design that will contribute to the development aspirations of the South.

Southern countries have to take actual control of their development process by laying a foundation for sustainability through clear and measurable strategies to institutionalize the synergies between Aid Effectiveness, South-South Cooperation and Capacity Development. We have to strengthen existing south- south coalitions and build new alliances to promote Southern-led cooperation as a useful instrument in establishing mechanisms that span intra and inter-regional levels.

Knowledge and evidence-based Innovations are critical for national development and regional integration in Africa. This is the basis to sustaining the momentum on the Continent’s

transformation agenda. South-South Cooperation is a mechanism that can contribute to this objective. Knowledge- and experience-sharing are taking place on different scales among African countries; but there is a need for coordination and coherence within these initiatives and harmonization with national and regional development plans and processes. This will help scale up and institutionalize the practice of learning for development effectiveness as a capacity development tool. Ample opportunities exist for Africa to generate, synthesize, harness, and utilize knowledge as a means of addressing the continent's development challenges. But systematic documentation of experiences to support continuous improvement will be critical.

Globally, we are witnessing a second generation of SSC in which mutual learning among countries and non-state actors is fast becoming a core priority. Africa too is integrating knowledge and learning in its South-South initiatives as a public good for development. The success of this approach implies the building and nurturing of new multi-stakeholder relationships within the coordination architecture.

Critical role of Capacity Development in the new African landscape

Capacity Development is fundamental to promoting African ownership and leadership of Africa's development agenda. We in Africa have already started working on a mechanism which would institutionalize the continent's expectations on development effectiveness with capacity development as the core enabler.

Capacity building' as it was formerly known has changed over the years because it is largely characterized by a limited approach and a traditional understanding of strengthening capacity through training activities for individuals, the provision of material and financial support, and organizational restructuring. This narrow interpretation of capacity is still prevalent across the continent and is a key determinant of the solutions prescribed whenever capacity challenges confront states or institutions.

The new African vision is hinged on Capacity Development as expressed in the first-ever regional Capacity Development strategy for Africa - the Capacity Development Strategic Framework. This framework was developed through an extensive consultative and participatory process embracing inputs from African stakeholders and partners. The framework received approval of the 14th African Union Assembly as Africa's integrated policy tool for Capacity Development.

The CDSF is built on six strategic cornerstones, which are capacity development priorities as defined by Africans. These priorities include leadership and citizen transformation, unlocking African potential, and skills and resources for development. Further, the central thrust of the CDSF is to enhance the capacities of capacity developers and to institutionalize integrated approaches and evidence-based knowledge and innovation systems for continuous improvement. This Africa-wide Framework will enhance mutual learning on a methodical basis to influence public policy design and development at all levels of governance. Given that knowledge is in effect the "capacity for effective action" in achieving development results, national and cross-regional learning will be central to maximizing Africa's development prospects. At the core of the Africa-wide Capacity Development Strategy is to place leadership transformation on the Continent's agenda as part of institutional development.

With governance and capacity variations among African countries today, there is a need to, first and foremost, shape perceptions of state effectiveness and societal engagement within the necessary framework of 'capacity development'. Essentially, 'capacity development' denotes country-owned and country-led development and change processes. This is what we should be promoting. Importantly, Capacity dividends have the potential to reinforce good governance, with emphasis on achieving objectives and results. Therefore, Capacity Development is instrumental to achieving governance objectives as well as sector objectives. Yet on the other hand, good governance through improved accountability and transparency potentially strengthens the capacities of institutions.

Distinguished Delegates, Ladies and Gentlemen;

Let me present some key strategic insights to guide our dialogue at this Regional Meeting:

The African common vision expressing a firm conviction to extricate the continent from the malaise of poverty remains achievable. We must continue to place high priority on harnessing African resourcefulness, including human and institutional capital, as well as forging partnerships amongst Africans and the global community. This should be guided by a committed, innovative, and decisive leadership to achieve the development objectives set by the African Union and NEPAD.

Fundamentally, Africa considers Capacity Development as undoubtedly critical to the future prospects of the continent. The strengthening of capacities implies inevitable power and relation shifts, particularly where the outcome is an engaged and empowered citizenry that holds public actors to account.

In advancing the transformation agenda, we must recognize and act on the centrality of capacity development in empowering Africans to embark on the set development agenda and to fulfill their creative potential. Much of Africa's inability to successfully implement key development programs stems from deep, systemic capacity weaknesses at state, sub-regional, and continental levels. The ineffective nature of the interrelationships amongst these levels of governance has exacerbated Africa's development challenges.

China, India, and Brazil are playing prominent roles in the evolving global political and economic architecture. The G20, as the premier forum for international economic cooperation, offers new opportunities for Africa and African countries to leverage South-South exchange practices. Under the aegis of the African Union, NEPAD has acted as a regional facilitator in promoting and connecting African countries and institutional actors for mutual learning related to the continent's development priorities and agenda. It has supported both South-South and North-South knowledge exchanges.

New opportunities for Africa

Finally, the changing development landscape of Africa depends on these key factors:

- 1. Beyond Aid**

African cannot afford to continue to rely on external and emergency development assistance to survive. It is time for Africa to be innovative in raising domestic resources for its development programmes. Africa's over-dependence and addiction to aid is unsustainable for a continent that is seeking to break off from the shackles of poverty. Knowledge generation and mutual learning processes between development actors in Africa must be pursued to ensure that development results are African led and owned.

'Beyond Aid' issues such as trade, migration, investment, climate change, security and technology will continue to have significant importance in determining Africa's prospects in an age of globalization. To avoid 'Beyond Aid' becoming a cliché or a rhetoric like many before it, it is important that progress is made and efforts coordinated on putting in place appropriate, country and regional specific policies and building the capacity of African institutions. This is where the main theme of this Tunis event is most appropriate - *Moving from Aid Effectiveness to Development Effectiveness*.

A new paradigm in development assistance is feasible. I refer to the lead thoughts of His Excellency, Prime Minister Melese Zenawi, and current Chairperson of the NEPAD Heads of State and Government Orientation Committee who is championing a new re-orientation in Africa's development policy discourse. Given the challenges and opportunities provided by the present global financial crisis and its impact on Africa, the African Union Summit in January 2010 called for the adoption of a new strategic approach focusing on partnership dialogue on Africa's development policy issues. This will embrace putting in place the desired paradigm shift from management of poverty in the Continent to economic transformation so that Africa will emerge as a new growth pole to address existing global imbalances and play a significant role in the integrated world economy. This is absolutely necessary!

2. Globalization

Africa needs to understand the risks, pains and gains of globalization. Globalization is a force that can shape a better Africa. However, at the moment, Africa's voice is not loud enough in the global economic governance architecture. The emergence of the G20 as the premium global economic cooperation grouping with recent commitment to discussing development issues is a welcome development. But Africa's active participation will only be possible with Africa's adequate institutionalized representation within the G20, while Africa engagement with the G8 process should continue. The global challenges facing globalization particularly the macroeconomic instability resulting from openness, decentralization, rapid urbanization, and climate change must be addressed on a global scale for Africa to make sustainable progress.

Ultimately, the success of this new paradigm depends on the establishment of new partnerships to foster a more inclusive, equitable, and sustainable development cooperation. Africa is at a defining moment. A new Africa is in the horizon!

3. From Aid to trade

For centuries, Africa has been integrated into the world economy mainly as indispensable supplier of cheap labour and raw materials. In 2006, 70 percent of Africa's exports to the world were made up of primary products including oil and minerals. In fact, for Africa to reap the benefits of being a

key player in an increasingly globalized economy it needs to enhance its involvement in the evolving global cooperation architecture by scaling up its vertical diversification – through value addition to primary commodities and horizontal diversification, which is to multiply the sectors on which its economy depends so as to make a country less vulnerable to external shocks. Most African countries have not been able to reap the rewards of globalization. Despite the increases in export earnings in recent years, Africa's share of global trade was 3.5% in 2008, the lowest share of any region in the world. The new global cooperation architecture will not augur well for Africa if the largest economies of the North reject the global call to satisfactorily conclude the Doha Development Round under the auspices of the WTO. The removal of agricultural subsidies is imperative for African access to developed markets. On its part, Africa is promoting the development of regional markets as a means to boosting intra-African trade.

Trade is an essential component of economic growth and provides an opportunity for Africa. After years of impressive growth, Africa has suffered a slow-down in the wake of the financial crisis. In 1980, sub-Saharan Africa had a 6% share of world trade. By 1998, this share had dropped to just 2%. There was a reversal in fortunes between 2002 and 2008 when GDP growth averaged between 5% and 6% and foreign direct investment (FDI) grew nearly ten-fold from 2000 to 2008 to \$87.6 billion. Africa is promoting the development of regional markets as a means achieve regional integration.

4. African Championing and Ownership

Africa should effectively manage what some observers call the new 'scramble for Africa' by interacting with other national actors and regional groupings to maximize their bargaining power. The Continent should, as a matter of urgency, develop a strategic outlook to govern its relationship with the new emerging powers of the South. We must demonstrate stronger leadership and ownership of the continent's own development policies and development programmes. The design of public policy must be a shared process from the start embracing actors from the private sector, civil society and broader ownership as enshrined in the Paris Declaration and Accra Agenda for Action.

African countries must strive to achieving development results and openly accounting for them. It is imperative that we maximize the benefits accruing from the benchmarks set out in the Paris Declaration and Accra Agenda for Action to exercise full ownership over the interactions with its development partners. Africa's partnerships should be shaped and based by the principles of mutual accountability African ownership and responsiveness. However, the combination of traditional and new and emerging partners need to carefully managed to consolidate the progress and successes that have been achieved over the years.

Business as usual with development partners is not value driven and beneficial to Africa's future. It is essential that the culture of entrepreneurship and governance must have a common bond. Africa's capacity to strategize on its special development needs is evolving and ownership is critical in rethinking policy design processes and implementation processes

5. Africa's greatest Resource

Africa's greatest resource is its youthful population. Africa is a young and growing continent with almost 50% of the population below the age of 25, which undoubtedly constitutes a critical resource mass and opportunity to galvanize the African Renaissance. It is, however, extremely important that Africa's youth is empowered with skills, adaptive education schemes and capacity to redefine the continent's development agenda. Greater attention must be given to the removal of barriers that hinder Africa's youth from harnessing and realizing their full potential in an increasingly competitive world. Constraints such as lack of business training, capital to build competitive industries and financial services to help entrepreneurs bring their ideas to fruition have to be overcome.

6. Implementing Africa's sector priorities

In the new development landscape, actors should align to the home-grown African sector priorities with Agriculture and Food Security, and Infrastructure as topmost priorities for the Continent. We call for the support of our development partners for the implementation of the Comprehensive Africa Agriculture Development Programme (CAADP) and the Programme for Infrastructure Development in Africa (PIDA) as key examples. It is most regrettable that Africa still imports over 40 billion Dollars of food per year. Africa must take food ownership and sovereignty as essential.

7. Good Governance

Good governance as the bedrock of the paradigm shift. In particular, the African Peer Review Mechanism (APRM) is a unique illustration of intra-continental collaboration developed by African countries under the NEPAD Programme. At the core of the self-monitoring review mechanism is a facility that promotes peer exchanges across countries on good governance and other development issues. This peer learning instrument is used to foster accountability and government efficiency.

8. The continental march to knowledge-driven economy and enterprise

Increasingly, Africa is investing in knowledge exchange to support national and regional development. With strong commitment, the continent will continue to build coalitions and alliances to promote Southern-led cooperation at the intra and interregional levels. This opens up opportunities to further strengthen mutual learning initiatives so that African know-how, good practices, and innovations can continue to contribute to global development thinking and actions. If Africa is to be globally competitive, greater investment in knowledge and learning will be required. Knowledge-based approaches to resolving Africa's development challenges should be strengthened, with research and innovation helping to expand the SSC policy frontiers.

The move from aid reforms to Development effectiveness is holistic and a commitment that Africa has embraced. To this end, NEPAD is coordinating in junction with the AUC, the Africa Regional Platform of Development Effectiveness (APDev). This is an integrated community of practice wherein the inter-connections of AE, SSC and CD would find policy dialogue space to enrich

public policy design and implementation of national and regional strategies. The Africa Platform on Development Effectiveness, as an intra-African process will be instrumental to the Continent's coherent preparation for the 2011 Busan HLF4. It is the hub for the African Voice!

We must continue to use processes such as this Regional Meeting to promote dialogue and reflection around the inter-related policy issues of AE, SSC and capacity development. Such effective dialogue can help build consensus on priorities and actions amongst stakeholders and forge the necessary partnerships to attain the Continent's development objectives.

The **international aid architecture** which rests on Official Development Assistance (ODA) requires a total overhaul. The rules and standards that govern the provision of ODA should be respected by all parties, while an inward looking strategy is adopted by Africa to become less aid-dependent. The rules of engagement which govern Africa's new development partnerships should be addressed. A different cooperation model is necessary. Africa's changing landscape can accommodate these new realities, however complex. Our continent is blessed with abundant human and material resources that should be fully tapped for better development results.

I want to reiterate that is essential that the civil society, private sector, academia and youth participate fully in broadening the policy frontiers in Africa's development outlook. Partnerships must be developed between providing partners, African governments, civil society and development practitioners under a banner of collective accountability and with the same objectives in mind for growth and sustainable development. In developing capable states and institutions, as well as an engaged African citizenry, the need for common thinking, common doing is indispensable. Overall, the development dividend will benefit the African people.

Collectively, Africa and its partners can successfully mobilize towards the implementation of the 'bold development agenda' to drive the continent's prosperity. The move from aid dependency to development effectiveness is achievable.

Thank you.