



THE AFRICAN DEVELOPMENT BANK GROUP

Do we need a new Consensus?

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**Statement delivered at the African Economic Conference
organized by the African Development Bank and
the Economic Commission for Africa**

Tunis, 27 October 2010

Thank you Moderator,

Thank you Prime Minister, distinguished guests for again being with us today.

Excellences, Ladies and Gentlemen, welcome to Tunis and to the Conference. It is a pleasure as always to see so many of you since we met in Addis Ababa.

I have been instructed that my role this morning is simply to welcome you and to listen carefully to the proceedings and recommendations you make over the next two days.

I want in particular to express my deep appreciation to H.E Mohamed Ghannouchi, Prime Minister; You have always, without fail, been with us whenever the Conference is held in Tunis; We remember vividly your inspiring speech when the Conference was last organized here at the height of the Financial crisis.

Excellences, Ladies and Gentlemen,

The AEC was initially conceived, in 2006, as a purely African Development Bank initiative; to bring together Africa's economists; in Africa; in the diaspora; in the universities, in think tanks, in policy making organs, and of course our own economists at the Bank.

Our overarching aim?

To get Africa's intellectual economic capital and its perspectives on the table, to dissect the development challenges on the whole range of issues of interest to the continent's.

Since, that modest beginning in 2006, a wonderful coalition and partnership has developed around the event.

Now with us today, we have not only the original main partners, the Economic Commission for Africa, the Africa Economic Research Consortium, but now we are joined by the UNDP and the DBSA. I am therefore happy to welcome again my good friends Abdulai Janneh, Mr. Gettu, as well as our AERC colleagues present here this morning.

But while this was conceived as an African Initiative, we have always sought out friends of Africa, institutions, engaged in research on African development issues wherever they may be located.

That is why I am honoured to welcome my two good friends Pascal Lamy, Director General of the WTO and Nancy Birdsall, from the Centre for Global Development in Washington.

Pascal Lamy, has labored patiently and tirelessly over a good part of this decade for a global trade deal – a deal the World needs now more than ever. We have worked closely with him and other MDBs on Aid for Trade and I look forward to listening to him today.

Nancy for her part, has led a fabulous exercise at the Centre for Global Development, to innovatively think around development issues. I think today the CGD must rank as one of the most influential development think tanks in the World.

You will recall that the CGD was quite instrumental in 2006 by proposing to the Bank and to shareholders an outline of issues the Bank needed to address. Those recommendations were quite influential in the subsequent work of the Bank.

The day before yesterday we were honoured to host Nobel Laureate in Literature Wole Soyinka at our Eminent Speakers Series. What a lecture! What a statement, on the role and place of Africa's intellectuals!

Sometimes back, it was Wangari Mathai – engaging us on her longtime journey fighting for freedom and the safeguard of our planet – through her Green Belt Movement.

That is the spirit which again brings us here today, to provide a platform for Africa's own – to shape its destiny.

As the African Development Bank and our partners, through this platform, our aim is that “the voice of the lion is heard because so far we are hearing only the voice of the hunter” to quote a famous African author.

Excellencies, Ladies and Gentlemen,

The theme for this forum poses the question: What will it take to sustain Africa's renewed momentum, in the post crisis? So, you can imagine; we are all eager to learn, to listen.

Of late, much has been said about Africa, thank God, this time much of it positive – not the Afro pessimism of the 1990's, nor the Afro ebullience, one hears about once in a while – but a sort of a cool reasoned discourse, which for the lack of better expression, I prefer to call Afro realism!

That discourse could be roughly encapsulated in the following eight points:

- First: a broad agreement that an unusually strong momentum has built up in the African economies over the last decade. The evidence is overwhelming.
- Second that even though the crisis in the global economy has been a setback, it has not reversed, expect momentarily, that positive trajectory.
- Third: contrary to popular belief, this is not simply about commodities. Although indeed high commodity prices have been helpful, that has not been the decisive element. The new momentum is well deserved. Reforms, over the last two decades, be they macroeconomic, microeconomic, governance, political or structural are paying off. Those are reflected in solid banking regulations, robust public finances and improved business environment. That is what provided the policy buffers during the crisis.
- Fourth: A recognition that, despite this positive momentum and the faster pulse, poverty remains pervasive, growth in per capita incomes is too slow. Hence, poverty, unemployment, slow pace to the MDGs, despair among the poor and vulnerability to external shocks remain intact.
- Fifth: somewhere, at the back of the mind, a doubt, a question, as to whether all this can be sustained or whether, as in the mind of many, this is not yet, another false dawn, such as the mid 1970's, when two successive oil shocks sent the economies into tail spin and two decades of structural adjustment.
- Sixth: What is the impact of Climate Change? Just look at what is happening in the Sahel, millions suffering food shortages while below the Sahel belt swathes of land suffering under massive floods unseen in years!
- Seventh: What is the implication of the massive infrastructure deficit? Is it really possible to sustain economies at 5%, 6%, 7% growth without adequate power? Is it possible to diversify, to build resilience, to create a sound base – with such a huge infrastructure gap?
- Eight: And that overall Africa's sluggish convergence with the rest of the world's economics remains intact.

These are without any doubt, legitimate observations.

As for us at the Bank, fully cognizant of these risks and uncertainties we remain very bullish, but pragmatically realistic, as to the potential setbacks. We believe nonetheless Africa has come of age. We have pockets of problems, sometimes “big pockets” of problems, but we know where those pockets are, and where we want to go. But while we know the desired destination, we agree that there are many roads to Damascus. Every country is different, its endowment and initial conditions, and hence the road to the destination must of necessity be different.

The important thing is that, there must be room, wide room, for trial and error, even for making mistakes. We have come a long way from the Washington Consensus now to the so called Beijing Consensus via the Monterey Consensus. But do we in Africa really need another Consensus? And in case we do so, we have one already the NEPAD.

Did we implement it properly? Maybe not. But it was, it remains, our own internally generated consensus, which fully encapsulated the aspiration of the African people, from Peace and Security, Governance, Integration, Partnership - the kind of Africa we aspire to – it is all there.

My understanding of this Conference is part of the process of widening the policy space to debate, to experiment, learning as to what works and what does not work for us, in the spirit of that Consensus.

That is why we in Africa did very much appreciate and welcome the creation of the Working Group on Development at the G20 in Toronto, co-chaired by South Africa and Korea, ahead of the G20 Seoul Summit in November.

It is our expectations that the work, the recommendations of that group give a new life and beginning to the discourse on development and relationships between rich, and low income countries, but also the newly emerging economies and their experience.

I have just seen the Communiqué of G20 Finance Ministers this week in Korea which I think augurs quite well ahead of that G20 Leaders Summit next month.

It says and I quote “We look forward to the multiyear action plan of the G20 Working Group on Development to promote inclusive and sustainable economic growth and resilience in development countries”. We believe strongly that time is now ripe for a paradigm shift in the discourse on development.

We, and our partner institutions in Africa AUC, ECA and RECs look forward to play a major role in that action plan as soon as it is adopted by the G20 Summit.

In many ways, the 2005 G8 Gleneagles Summit was a watershed; a turning point.

There is no doubt, well-meant and genuine undertakings were made in that year, said to be the Year of Africa.

- a) Doubling aid until 2010
- b) Cancelling debt
- c) Increasing aid effectiveness
- d) A new Doha Development Round global deal, and agreement on climate
- e) Greater voice for Africa and its institutions

Five years down the road, it is evidently clear that while some promises were delivered (eg. Debt cancellation), the gap between the political will, the pledge and the delivery is a challenge. In addition, one is not sure whether low income countries have not actually financed their own debt cancellations.

Now, as rich countries grapple with deficits, unemployment and sovereign debt, it is even more doubtful any of the promises can be kept. Some have laudably ring-fenced ODA commitments, but many others are not in a position to do the same.

So for us in Africa and other low income countries across the world, such as Haiti, Bangladesh, East Timor and many others, we sincerely hope that Summit must reaffirm that:

Indeed we are all members of the global village and hence all interested in the recovery of the world economy and the stabilization of the global financial system.

But we must also assert that as low income countries, we would want to see development issues seriously discussed; not from the view point of a moral duty, or altruistic motive but a new angle, a new perspective; Which is how to work together with the 1 billion people of Africa to be a new pole of growth, an opportunity for the world economy beyond its US\$1.5 trillion GDP.

How to unlock Africa's potential; of its 53 countries. That is why we at the AfDB consider African Economic Integration as our number one, overarching agenda. That is why we are also working assiduously towards an "African Green Fund" as called for by African Copenhagen negotiators to ensure that we can finance our climate mitigation and adaptation needs. We are aware of the existence of, and welcome, other instruments in this regard but are convinced this is the right way to go.

As a Leader of an IFI, I am naturally inclined to take pragmatic, resource and policy constrained positions on many issues on the table for your discussions.

But you have larger degrees of freedom! What a disappointment if you did not take that advantage. The AEC should not become yet another Conference. There are far too many Conferences already on Africa and in Africa. We must add value. If we cannot add value, we must bring it to a close and think about another platform.

For far too long, conferences, institutions, organizations have gone beyond their shelf life. This Conference will not stay on the shelf a day longer than you deem it to be. If it is deemed to add value, and if you say so, you may count on our continued support.

I cannot end without expressing my thanks and appreciation to Governments who have throughout supported this Conference – notably Canada and Korea via the Trust Fund. My thanks also go to all institutions who have continued to show us their partnership.

Let me thank you all, academics, think tanks, policy makers, staff especially our Chief Economist's Complex under Professor Mthuli who have been instrumental in the planning and delivery of this Conference.

I look forward to the conclusions of your deliberations and once again welcome to Tunis.