

PRESIDENT DONALD KABERUKA

Opening Statement

4 November (9:00 am), Sheraton Hotel, Tunis

Second Regional Meeting on Aid Effectiveness

Sheraton Hotel, Tunis, 4-5 November 2010

From Aid Effectiveness to Development Effectiveness

Ministers,

AU. Deputy Chair Person Erastus Mwencha,

Dr Ibrahim Mayaki,

Eminent personalities,

Ladies and Gentlemen,

I would like to extend to each one of you, a warm welcome.

Ladies and gentlemen, in 12 months' time we will assemble with our international partners and developing countries from around the world in Busan, Korea, for the Fourth High Level Forum on Aid Effectiveness. There we will have an opportunity to define the aspirations, principles and commitments that will govern development cooperation in the coming years.

What is Africa going to contribute to that debate? How do we make sure that our goals and priorities are reflected in the new consensus on development assistance? These are our overarching questions for the next two days, and indeed for the coming year.

Five years ago, I had the honour of making the closing address at the Second High-Level Forum in Paris, where the Paris Declaration on Aid Effectiveness was endorsed by over 100 nations and international organisations. I noted the historical significance of that moment. For the first time, we had articulated a clear set of principles and commitments to govern the development partnership. From that moment on, aid would no longer be a unilateral act of giving, on any terms the donor saw fit to impose. Instead, it would be anchored in a web of mutual obligations, with 5 overarching principles: ownership, alignment, harmonisation, managing for results and mutual accountability. It is a measure of the success of the Paris Declaration that these principles have come to define what we mean by good development practice. It is now accepted as axiomatic that developing countries must set their own development agenda; that external assistance must be aligned to national development strategies; that aid should use and strengthen country systems, rather than bypass

them; and that we should measure our progress not by our good intentions or the amount of money we spend, but by the impact on poor people.

We should acknowledge the leadership of the OECD Working Party on Aid Effectiveness in taking these commitments forward. But even more, we should applaud the tremendous efforts of partner countries in implementing what has been a very challenging and time-consuming agenda. At the High-Level Forum, we will review exactly how far we have come and what benefits we have gained. We will also agree on new principles and commitments to take our development partnerships to the next level.

Ladies and gentlemen, let me impress upon you once again that this is a window of opportunity to ensure that Africa's interests are reflected in a key international policy arena. To make use of it, we will need intensive dialogue over the next year to reach a common set of priorities. That discussion began with the first Africa Regional Meeting on Aid Effectiveness, South-South Cooperation and Capacity Development in Pretoria in March this year. The next two days furnish us with an opportunity to take the next step of shaping the contours of an African agenda for development effectiveness. We hope that each of you will take the issues that are raised here back home for discussion at the national level, and that, under the leadership of the African Union and NEPAD, we will see an African agenda begin to crystallise over the coming months. The African Development Bank stands ready to support that process in any way we can.

Let me open the debate with the observation that aid is only one part of the solution to Africa's development challenges. If we look forward 10 years, we would hope to see development in Africa driven by strong, private sector-led growth. We would expect to see increasingly effective states, raising their own revenues to finance their development needs, and in turn becoming more accountable to taxpayers for their performance. We would expect to see much stronger economic integration across the continent, creating the economies of scale and regional production chains that will enable Africa to compete in the global economy. And as Africa integrates, both regionally and globally, we would hope to see trade and private investment becoming key drivers of growth.

In this vision of Africa's development, aid has, of course, an important role to play. But ultimately, the solutions to Africa's development challenges must be found in robust, private-sector growth, more effective states and improved economic integration.

If I have any concerns about the Paris Declaration, it is that it has encouraged us to spend the past 5 years talking about aid. Improving aid practices, and helping partner countries manage their aid more effectively, are of course very important goals. But I believe that it is time to shift the debate from the mechanics of aid delivery to the broader development challenges we will face in the coming years. Aid is only ever a means to an end. Indeed, if aid is truly effective, it will progressively do itself out of a job. Effective aid should therefore be designed with this in mind – to strengthen, not displace, domestic energy and capacity; and to build up, not replace, alternative sources of development finance. This is a new way of thinking about the development partnership. This is the idea that we have tried to capture in the subtitle of this event: “from aid effectiveness to development effectiveness.”

Our task for the next two days is to think through what this might mean in practice. I would like to mention a few of the themes on which we will be seeking your contributions.

One is the need to embed development in the democratic process through a reconceptualization of accountability. The Paris Declaration introduced the term ‘mutual accountability’ into the development discourse, reflecting the important idea that the development partnership entails mutual obligations. But the accountability that matters most is not between donors and recipient governments, but between the state and society. We need to ensure that development is not left to a handful of experts in government, however well-intentioned, but becomes a subject that captures the imagination of the public. We need to invest in the institution of parliament, to ensure it has the capacity to play its central role in the democratic process. We need far greater transparency in the use of development funds, so that the media and civil society can keep the public informed of the results. And we need to involve communities right from the outset in the decisions that affect them. What could we do to raise public expectations and knowledge of the development process, and increase the demand on Africa’s states to perform more effectively?

A second theme is the importance of regional integration to Africa’s development. For 50 years, we have recognised that regional integration is key to making Africa competitive internationally. But despite the best efforts of the Regional Economic Communities, the bulk of the challenge still lies ahead of us. We need to put in place the hard and soft infrastructure to enable the free movement of goods, services, capital and labour. We also face a growing number of challenges that require action at the regional level, particularly around climate change. We need to ensure that the Regional Economic Communities have the resources and the authority they need to function

effectively. We need to find new ways of financing and managing development projects that span national boundaries. And we need to find ways of sharing the costs of transition equitably. I therefore put the question to you: do we need an agenda for effective regionalism, to guide ourselves and our development partners on how to support regional integration?

A third theme – and one which I personally believe to be of fundamental importance – is reducing aid dependence by fostering alternative sources of development finance. Domestic revenues across Africa are more than 10 times the total volume of ODA, and far less volatile. To broaden their tax base, African states need to persuade citizens that their taxes are being used in the public good. Many observers see this implicit bargain between state and citizen as fundamental to democratic development. Trade and foreign direct investment are also key engines of growth. Some African countries are already returning to the international financial markets, and there is a great deal of untapped potential in the domestic capital markets. We also need to unlock the entrepreneurial spirit of poor people by giving them greater access to microfinance.

The great moral hazard of aid is that it might lead us to neglect these alternative sources of development finance. Is it time to start rethinking what aid should be spent on, and how it should be delivered, so as to build up its alternatives and avoid fostering dependence?

These are just some of the questions we will be putting to you over the next two days. Other themes will include fostering South-South cooperation, improving country systems for managing development funds, and responding to the emergence of the BRICs, and in particular China, as major new players in Africa's development.

Ladies and gentlemen, we have a challenging agenda in front of us, and the topics we have identified are in no way intended to limit the debate. We have invited you here to seek your views on the issues that matter most to Africa's development, and to help frame an African agenda for Busan. For my part, I look forward to a rich and vibrant discussion.