Remarks by Omar Kabbaj,
President of the African Development Bank Group
at the Opening Session of the Plenary Meeting of
the Strategic Partnership for Africa (SPA)

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Introduction

Mr. Chairman,
Your Excellencies,
Distinguished Participants,
Ladies and Gentlemen,

It is a pleasure for me to welcome you all to this year’s annual Plenary Meeting of the Strategic Partnership for Africa (SPA). The African Development Bank is indeed delighted and honored to host this important Forum. The SPA has for some time now been a symbol of the resolve of Africa’s development partners to help it overcome its economic difficulties and to help the region move on to a path of sustained economic development. Towards this end, the SPA has sought to coordinate the mobilization of concessional resources for the region. And, in recent years, it has focused its energies on exploring ways and means of making such assistance more effective, thus strengthening national efforts to reduce poverty in Africa.

I believe that one of the most important lessons we have learnt in the recent past is the importance of country ownership of the development process. I am, therefore, particularly delighted to note that African countries have been invited to join the SPA. I am certain that this important step will help make the SPA a true partnership between Africa and its development partners. Let me, therefore, extend a special welcome to the distinguished Ministers and officials from our regional member countries, as well as the other invited African experts, taking part in this meeting.

This Plenary session will address important development issues that are on the SPA-6 agenda, and, in particular, those related to the volume and predictability of concessional assistance and aligning donor support to poverty reduction strategies in African countries. This is essential to ensure the effective delivery and utilization of such assistance. In this regard, permit me Mr. Chairman to say a few words on the changing African environment and the challenges facing the SPA. And although the Bank’s representatives in the meeting will provide you detailed reports, let me also say a few words on how we are addressing some of the issues identified by SPA as critical for the success of Africa’s development efforts.
The Changing African Environment and the Challenges Facing the SPA

Mr. Chairman,
Your Excellencies,

I believe we would all agree that much has changed on the African continent since the SPA was established in 1987 to help mobilize resources to assist African countries emerge out of the serious economic difficulties they were facing. Through the implementation of far-reaching reform programs, strongly supported by the international donor community, most African countries have indeed achieved much over the last decade and a half. Their economies have begun to grow, and the deep macroeconomic imbalances that characterized them have improved, as evidenced by the significant decline in fiscal deficits and inflation rates.

Despite this generally improving trend, there can be little doubt, however, that the challenges facing the Continent remain enormous. Poverty is widespread, with the proportion of people living in absolute poverty almost close to half of the population in Sub-Saharan Africa. The HIV/AIDS pandemic has yet to be checked and reversed. And as you are aware, the pandemic continues to have an enormous harmful impact on the economic and social fabric of an increasing number of countries. In addition, recent studies by a number of international institutions, including those carried out by the World Bank and the African Development Bank – confirm that with the exception of the countries in North Africa and South Africa, most countries in the region are unlikely to achieve the Millennium Development Goals by 2015.

These studies have, however, also shown that the majority of African countries can make substantial progress towards the MDGs, even if they do not reach the targets set for 2015. This will, however, require concerted efforts on their part as well on the part of their development partners.

On the side of the donor community, there is a clear need to scale-up the level of development assistance in line with the undertakings made at international fora such as Monterrey. In this regard, it is important to emphasize – as recent studies have indicated – that many of the reforming countries can indeed effectively use additional resources. And as you will be discussing in the next two days, it is also important to harmonize approaches and procedures in order to improve efficiency, reduce transaction costs of the delivery of aid, and
lessen the demands on the limited capacities of African countries. Where conditions allow sector-wide approaches and budget support should increasingly be used. Also, unified reporting, measurement and monitoring should be encouraged in order to reduce the number of reports required by donors.

Donor countries will also need to continue to provide support to debt relief under the HIPC initiative. As recent cases have amply shown, HIPC countries are highly vulnerable to adverse movements in the prices of primary commodities. There is, therefore, a need to monitor closely the impact of the debt relief assistance provided under HIPC to ensure that debt levels are indeed reduced to sustainable levels. And in the area of trade, it is essential that the negotiations on the Doha Development Agenda are resumed as soon as possible. In particular, it is our hope that donor countries will reconsider their stance on the important issue of agricultural subsidies.

On the part of African countries, the importance of sustaining and deepening the macroeconomic and structural reforms of recent years cannot be overstated. In particular, further governance reforms, particularly to improve the investment climate, are clearly needed. These are essential to accelerate economic growth rates. Greater commitment is also required to fight the HIV/AIDS pandemic. And the recent trend of higher investments for human capital development needs also to be sustained.

In all these efforts, it is becoming clear that the poverty reduction strategies adopted by an increasing number of African countries have become an important vehicle for assuring policy coherence at the national level. These strategies are also allowing the donor community to provide its support in a coordinated manner, as well as improve the effectiveness of such assistance. It is, therefore, essential that both African countries and the donor community explore ways and means of further developing this important mechanism so that the potential for accelerating progress towards the MDGs is realized. In this regard, I am delighted that the SPA Plenary session will be devoting considerable time to these issues in the next two days.

At the regional level, the NEPAD initiative provides similar opportunities for developing genuine partnerships and for effectively channeling support to regional initiatives. The decision by the SPA to explore ways of developing frameworks for a stronger link with NEPAD is also most welcome. As you are aware, the NEPAD Heads of State Implementation Committee has
given the Bank leadership roles in banking and financial standards and infrastructure. In both areas we have taken important initiatives in cooperation with the IMF on banking and financial standards, and with the World Bank and the European Investment Bank on infrastructure.

The African Development Bank and SPA’s Agenda

Mr. Chairman,

Your Excellencies,

Let me now turn briefly to how the African Development Bank is addressing some of the important issues that the SPA has identified as critical for improving the efficiency and effectiveness of development assistance.

First, in the terms of the allocation of ADF resources to our regional member countries, we are, as you may know, using a system that is performance-based to ensure that the bulk of the resources are indeed allocated to countries with sound policies, strong institutions, and clear commitment to poverty reduction and gender equity. For ADF-IX, we have modified the system to give greater weight to governance issues. We have also developed a system to take into account the specific needs of post-conflict countries.

Second, we are increasingly aligning our Country Strategy Papers (CSPs) to the poverty reduction strategies of our regional countries, where these exist. Further, our CSPs are developed in a participatory manner both with the countries concerned and our other development partners. In addition, we have stressed the importance of greater selectivity in all our interventions. And with a view to enhancing the capacity of our regional member countries, we continue to provide technical assistance in such areas as poverty reduction, financial management, procurement, environmental management and evaluation.

Third, we have finalized the Guidelines for Budget Support and Sector Wide Approaches (SWAPs), with such programs already being implemented in our assistance to such countries as Ghana, Kenya, and Uganda. We expect an increased use of these instruments in more of our countries, as poverty reduction strategies are further developed and public expenditure systems made more efficient and transparent.
Fourth, the Bank continues to harmonize its policies and procedures with other development partners. Much progress has been achieved in terms of procurement policies and procedures as well as in evaluation methodology. And in line with the recommendations of the Rome High-Level Forum, the Bank is developing a Harmonization Action Plan that includes activities aimed at mainstreaming the international harmonization agenda and the development of appropriate indicators for monitoring and evaluation.

Fifth, we are working closely with our partners on developing a results-measurement approach at the project, institutional, and country levels. Towards this end, we will be hosting next month in Marrakech with the World Bank the Second Roundtable on Managing for Results. The gathering is being sponsored by all the MDBs, in close collaboration with the OECD/DAC.

Concluding Remarks

Mr. Chairman,
Your Excellencies,

Permit me to conclude by expressing to all participants how much we indeed value the contributions of the SPA. It has succeeded in building consensus on the strategies and policies necessary for accelerating growth while promoting poverty reduction in Africa. It has also made important contributions to the coordination and monitoring of the flow of development assistance to African countries. And in recent years, it is facilitating the harmonization of donor policies and procedures to enhance the effectiveness of such assistance and reduce transaction costs. Your discussions in the next two days will undoubtedly contribute to further developing and refining such approaches. And in all such efforts, let me assure you that the African Development Bank stands ready to cooperate fully with all its development partners.

I thank you for your attention and I wish you fruitful deliberations.