



**Statement Delivered by Professor Wiseman Nkuhlu,
Chief Executive of NEPAD Secretariat
At the
NEPAD COUNCIL INTERNATIONAL TRADE AND INVESTMENT
CONFERENCE, EAST LONDON ON 25 MAY 2005**

The primary objective of NEPAD is to create conducive conditions for high economic growth and sustainable development throughout the African continent. This is considered to be a pre-requisite for eradicating poverty and increasing Africa's participation in the global economy.

NEPAD focuses on priorities that require co-ordination at continental level like peace and security, political and economic governance, regional economic integration, transboundary infrastructure, promotion of intra-Africa trade, transforming the trade relations with the developed countries, human development, agriculture, science and technology, promotion and development of a vibrant private sector and cancellation of debt owed by the poor countries.

The NEPAD foundation document outlines the vision for the socio-economic renewal of the African continent as well as priorities and commitments by the African leaders and the African people. It also extends an invitation to the international community, more specifically the highly industrialised countries to partner Africa in the implementation of the programme.

The key principles and messages of NEPAD are African ownership and responsibility, protection and promotion of democracy and human rights, political, economic and corporate governance, self reliance, reduced dependency on Aid through strengthening the private sector, people-centred development, gender equality, partnerships with stakeholders in each country and with other African countries and the international community, strengthening Africa's voice in international organisations and accountable leadership.

These are the messages that the initiators of NEPAD are propagating across the continent and internationally. They have introduced them in the agenda and policies of the African Union (AU) and the Regional Economic Communities (RECs). They permeate all NEPAD sectoral plans and inform communication and dialogue with the international community.

The African Peer Review Mechanism (APRM) is an instrument for ensuring the integration of these principles and values in national constitutions, policies and development programmes. The reviews monitor progress with implementation of NEPAD

principles and programmes in each participating country and propose a national programme of action to address identified weaknesses.

Therefore NEPAD maps out a path for Africa in the 21st century. The principles, policies and priorities are the map and the destination is self sustainable development and economic prosperity. By clarifying the principles, policies and priorities which are going to guide Africa's development and participation in the world economy, championing them in the AU and globally, African leaders have created space for consolidation of peace, democracy, good governance and sound development management in the continent as well as started a process of fundamentally changing perceptions about the continent.

This is NEPAD's overall approach to creating attractive conditions for increased investment in Africa. Although the vision and objectives are simple, because of the complex nature of the challenges, the strategies are long-term and multi-dimensional. They encompass actions at the global, African continent, REC and national levels.

Having described NEPAD's overall thrust, the obvious question is what progress has been achieved up to now. In the rest of the paper we address this very important question.

First and foremost, the apex structure of the continent, the AU has been fundamentally transformed. The principles and

priorities referred to above have been enshrined in its constitution, the Constitutive Act of the AU. Its key organs are being strengthened in terms of mandates, organisational structure, budgets and leadership. The AU Commission has a stronger mandate and much better capacity than its predecessor, the Secretariat of the Organisation of African Unity. The Peace and Security Council has a better leadership structure and more appropriate working procedures than its predecessor.

Poverty eradication and socio-economic renewal have been recognised as high priorities that require leadership at the highest level, hence the launch of NEPAD.

Therefore the architecture for making the vision a reality is in place at the continental level and is complimented by the RECs.

The determination of the African leaders to renew Africa is not evidenced only by the vision and continental institutional architecture that have been developed in a short space of five years, but also by the progress in leading the resolution of conflicts that have been raging for years and by accelerated reforms at a national level. By promoting the adoption of progressive principles and policies at the AU level, NEPAD has created the conditions for accelerated reform at the national level. Although not all reforms can be attributed to NEPAD, the anti-corruption campaign in Nigeria is definitely NEPAD

inspired. South Africa's increased involvement in the resolution of conflicts on the continent is also NEPAD inspired.

In the international front we are witnessing positive responses across the board. The first was the acceptance by the leaders of the G8 countries of the invitation by African leaders to partner Africa in the socio-economic renewal initiated through NEPAD. This was followed by resolutions of endorsement and support by the Assembly of the United Nations, Financing for Development Conference in Monterrey and World Summit on Sustainable Development (WSSD).

The nature and content of the dialogue between Africa and the highly industrialised countries has been radically transformed. Engagement with the developed countries on international trade through the WTO, architecture and quantum of development assistance and failure to meet international commitments, has become more strategic and focused.

The development priorities have also been changed. The African leaders have brought to the top of the agenda agriculture and rural development, centres of excellence to rebuild Africa's capacity for knowledge generation and production of highly skilled personnel, infrastructure and regional economic integration as central in promoting wealth creation in Africa and also making the African countries attractive to investors. This is a fundamental change to the

narrowly defined poverty reduction strategies that have been the core of the development agenda in the past five to ten years.

The private sector has responded through the formation of NEPAD Business Groups in a number of countries including South Africa, Nigeria and Kenya. The African Business Roundtable launched a continent-wide NEPAD Business Group.

At the global level the United States of America Corporate Council for Africa, the Corporate Council for Africa in Canada, the Commonwealth Business Council and the World Economic Forum all joined to promote NEPAD.

The countries of the South including Brazil, India, China and Malaysia have also become partners in the implementation of NEPAD. Africans in the Diaspora have shown interest and are being mobilised through a number of initiatives including Africa Recruit, a joint venture between NEPAD Secretariat and the Commonwealth Business Council and the NEPAD Council formed by leading African scientists working in the United States and Europe.

Today's conference has been organised by the NEPAD Council. The members of the Council are outstanding scholars and teachers of African background; some of them are attached to leading university and research institutions overseas. Others are of course in Africa, including Prof Lynette Louw, leading this conference.

The NEPAD Council is a good example of ordinary citizens taking ownership of NEPAD and making a contribution to the renewal of the African continent. We challenge other professional organisations to do the same. To embrace NEPAD as their own and make appropriate contributions.

In short, a lot is being done to promote private sector investment in Africa. Negative perceptions about the continent are being countered through the holistic approach described above. However, there is a lot happening at the national level as well. More and more African countries are achieving higher levels of economic growth and macro-economic stability. The average economic growth for Africa in 2004 was 5,1% (the highest in 8 years) and average budgetary deficit close to zero.

What about the levels of private sector investment? Is there improvement?

Yes. We believe there is. The continent could not have achieved the average economic growth of over 5% without an increase in investment. Increased demand for African commodity exports by China is having a positive impact. As India stabilises its economic growth, we can expect a further boost to African exports.

With regard to progress in implementing NEPAD sectoral projects, Africa is well poised to launch an agricultural revolution and to accelerate the implementation of

transboundary infrastructure projects. Preparations for the launch of the Comprehensive Africa Agriculture Development Programme (CAADP) have been completed. Every REC has identified priorities and early actions and the development partners and multilateral institutions are fully on board for the launch.

Progress on transboundary infrastructure projects is going to be accelerated. Major constraints including the lack of capacity in national governments and RECs to facilitate and lead the preparation of projects and engage the private sector are being addressed. The process has been given a big boost by the Commission for Africa report, agreement by the G8 and OECD countries to increase support to infrastructure development and by the resolution of African leaders to investigate the possibility of investing a percentage of government-managed pension funds as seed capital. These developments will address constraints that have tended to make investing in major transboundary infrastructure projects less attractive to the private sector. The cancellation of debt owed by poor African countries would further assist the effort of mobilising domestic capital for socio-economic development. In addition, a successful conclusion of the Doha Round and commitment by the highly industrialised countries to a time-table to reduce trade distorting subsidies would give Africa a further boost.

South African business has responded positively to the NEPAD call. As a result, South Africa has become a major source of

foreign direct investment to Africa south of the Sahara. The recently announced acquisition of ABSA by Barclays is a strong expression of confidence in Africa as an investment destination with good prospects. The combined Barclays/ABSA is going to boost banking services and project financing of major infrastructure projects.

The Johannesburg Stock Exchange is also very keen to support the development of capital markets in the rest of the continent. Contacts have been made with stock exchanges in neighbouring countries.

The Public Investment Corporation (PIC) is exploring the possibility of establishing a Pan African Infrastructure Development Fund. The seed capital for the fund would be provided by a number of Government Employee Pension Funds in the continent. The Fund will be used to leverage additional funds from the private sector. The proceeds will be invested in major projects including electricity, railways, toll roads, harbours, ICT, etc. Projects in the pipeline include the fibre optic submarine cable on the East Coast to connect Durban and Djibouti and the Inga III project in the Congo. There are many other strategic projects in other parts of the continent.

In conclusion, Africa is taking seriously the question of creating conducive conditions for achieving high economic growth and sustainable development. Major steps have been taken to transform the continent and to create space for accelerated

reforms at a national level. We believe that the holistic approach that has been adopted is correct. It is now up to the private sector to determine how to respond to the developments that are unfolding. Conditions have never been this good for Africa to take off.

Congratulations and best wishes to the NEPAD Council and to all the participants. May you have a very successful conference.

I thank you.