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STATEMENT BY THE CHAIRPERSON OF THE AFRICAN  
UNION COMMISSION, H.E DR. NKOSAZANA DLAMINI ZUMA

To the

**Ministerial Conference on New Partnerships for the  
Development of Productive Capacities in Least  
Developed Countries (LDCs)**

*28 July 2014, Cotonou, BENIN*

FINAL

**Your Excellency, Dr Boni Yayi, President of the Republic of Benin and Chairman of the Group of the Least Developed Countries,**

**Your Excellency the High Representative for the LDCs, the Landlocked Developing Countries and the Small Island Developing States,**

**Honorable Ministers,**

**Members of the Diplomatic Corps,**

**Representatives of Regional and International Organisations**

**Distinguished Guests,**

**Ladies and Gentlemen,**

I am honoured to address this meeting of the Ministerial Conference on LDCs and to take this opportunity to thank the President, Government and the People of the Republic of Benin for the legendary hospitality extended to our delegation.

**Excellencies, Ladies and Gentlemen**

This Conference is of great importance to Africa, because despite impressive economic performance by the continent over the last decade, almost two-thirds of African countries are still classified as LDCs. So the issue facing LDCs is a challenge of the continent, which Africa must collectively address.

The theme of this Conference, focusing on developing the productive capacities of LDCs, resonates with the vision of the Africa we want, a continent that is integrated, prosperous and at peace with itself. To achieve this vision, the AU is in the process

of finalizing Agenda 2063, the Africa we Want, with milestones and priorities towards the next fifty years.

Key to the achievement of this vision is the structural transformation of the continent - which at its core means the eradication of poverty, the development of Africa's productive capacity and building shared prosperity.

### **Excellencies, Ladies and Gentlemen**

At the time of the formation of the OAU in 1963 several African countries were on par or had even higher GDP rates than some of their counterparts in Asia.

The GDP per capita of Ghana and South Korea were the same in 1960. Until 1975, the world's fastest growing developing country was Gabon. And yet these countries in Asia like Singapore and Japan, often with little natural resources managed in one generation to rise to prosperity, by being resolute, finding solutions that worked for them and with confidence in themselves and the durability of their cultures. But without fail, they all invested heavily in developing the skills of their people and their productive capacities.

### **Excellencies, Ladies and Gentlemen**

Africa today is in a much better position to achieve its vision, than at the start of the millennium. Over the last decades, life expectancy in Africa is up from 40 to 60 years, we've halved infant and maternal mortality; absolute poverty is on the decline, there are more children in school, including girls, than at any time in our history, and university enrollment has tripled.

Africa was also the world's second fastest growing region over the last decade, and poverty has declined faster since 2005

than over the preceding fifteen years. Countries which are on the LDC list, regularly top the list of fastest growing economies on our continent. However, given the low base from which we started, this is not fast enough to reach the MDG target of halving poverty by 2015 or the African target of eradicating poverty in one generation.

Agenda 2063 therefore looks at Africa's past, present, as well as future trends: its demographic trajectory; its mineral, energy, maritime, land and other natural resources; its infrastructure and human capital; peace, human rights, inclusion and good governance; human development; economic transformation and Africa's place in the world.

### **Excellencies,**

The key to the Africa we Want, where there is no need for a category of least developed countries and indeed where the LDCs of today become the leaders of tomorrow, is the structural transformation of our economies.

There is a vibrant discussion on the continent on how to achieve this structural transformation, and a few broad issues, which are taken up by Agenda 2063 have emerged.

Firstly, human capital development has emerged as a critical issue. By 2050, Africa will have the largest and most youthful workforce, and must therefore start investing today: by boosting secondary and university enrollments; strengthening science, technology, research and innovation; reinforcing linkages with industry; developing vocational, technical, and polytechnic education; and by supporting on-the-job training and continued education.

Africa therefore, in short, needs a skills revolution to

transform its agriculture, and agribusinesses, to beneficiate its commodities, to build manufacturing, trade and services, and to build and maintain its infrastructure. A literate, healthy and educated skilled population, both men and women, is a critical precondition for unlocking economic potential in a manner that is sustainable and inclusive.

It is for these reasons that the African Union works with universities, and with the science, technology and education sector more broadly about the issues of transformation that sector; harmonization of university curricula, quality assurance and professional qualifications; the use of technology in education and that we again appeal to our Member states to increase investment in higher education, science, technology and research.

Secondly, it has been said before that lack of infrastructure is a major impediment on the productivity of all sectors of our economies. Across the continent, public and private investments in infrastructure are rapidly growing. We do however need to be bolder, and the Agenda 2063 accelerated infrastructure flagship projects being conceptualised, such as in energy, transport (including a Pan African integrated high speed rail network) and ICT, are therefore critical.

Energy development in Africa has not kept pace with rising demand, placing a strain on productivity of households, industry and businesses across the continent.

At the same time:

Our approach to infrastructure in all these areas is to use modern technology to leapfrog our development, learning from the experiences of other developing countries in the South.

Thirdly, after the decimation of our capacity and institutions for economic development under the two decades of structural adjustment, there are processes across the continent to rebuild institutions. These include capabilities for the implementation and monitoring of national and continental visions; strengthening statistics; building the African private sector, including SMEs and smallholder farmers; and planning and management of the public expenditure.

Fourthly, the agribusinesses sector in Africa has shown that the surest way of building the productive and manufacturing sectors, is to beneficiate and add value to the commodities that we have, rather than to continue to export them as raw materials. In the process of exporting raw materials, we are also exporting jobs. During the AU Year of Agriculture and Food Security, this issue of regional and cross country agricultural chains is receiving particular attention.

For example, the 2014 African Transformation Report<sup>1</sup> mentions three such examples, namely:

- The processing of traditional exports such as coffee, cacao, and cotton, where Africa has demonstrated its global competitiveness in production, adding value and creating jobs.
- The scaling up of promising non-traditional exports such as fruits by upgrading the supply chain - from farms to factories - increasing farmer incomes, and creating jobs in factories and allied agro-processing services such as packaging, distribution and retail.
- Substituting agricultural imports, and reversing the trend of Africa being a net importer of food to the tune of 37 billion USD by 2011. In all food areas African countries must

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<sup>1</sup>2014 African Transformation Report. Growth with Depth. African Centre for Economic Transformation. African Centre for Economic Transformation: Accra. Page 11.

therefore upgrade and invest in their domestic agro-processing capacities.

I hope that most of the participants here will have a chance to visit Benin's Songhai Centre. This indigenous agribusiness initiative clearly demonstrates the success of an integrated development model that is eradicating poverty and providing jobs through innovative practices, development and use of appropriate technology, as well as preservation of the environment through use of organic methods. If we can replicate this model all over the continent, there will be no more hunger, and our youth will be gainfully employed.

Fifthly, Africa remains well-endowed with mineral resources – in oil, gas, bauxite, titanium, copper, and gold, and with much greater unexploited reserves of very high quality. In addition, our continent still has had less exploration than elsewhere and has good prospects for the discovery of additional resources. Africa must therefore improve its capacities and skills to conduct geological surveys, to negotiate better contracts with investors and to benefit the minerals that are extracted from its soil.

This is necessary, as highlighted by the 2014 African Transformation Report:

*“Because resources, once extracted are gone forever... turning oil, gas and minerals into a blessing is to see them as part of a portfolio of national assets that also includes human capital, physical capital, financial capital and institutional capital. Government revenues from oil, gas and minerals can also promote technological upgrading, higher productivity and growth in other economic sectors.*

In addition to energy and mineral resources, Africa's oceanic space is three times the size of its landmass. The blue economy is therefore a critical resource which we have to pursue more

aggressively, as we address the unique challenges facing especially the island states, including the challenge of climate change.

In all of the above, the issue of technology is critical. As the mobile revolution on the continent is showing, it is indeed possible to leapfrog development with technology. The same can be said in the area of energy, especially renewables, where with solar, biomass and wind energy, rural communities do not necessarily have to be connected to the central grid to have access to electricity.

The transfer and development of technology therefore requires greater emphasis in our strategies.

A sixth priority is Africa's main resource and greatest strength – the youthful population and women, whose strength and potential has not yet been realized. By investing in these two critical segments of our population, we will unlock their creativity and energy, to become the drivers of our transformation.

When women are given skills, access to economic opportunities, capital and assets such as land, they generally invest these to improve the standard of living of their children, families and communities. Families with economically empowered women are healthier, the next generation is better educated and communities and societies more stable and cohesive.

Women are the largest part of the workforce in agriculture in Africa and a number of other sectors such as cross-border trading. We must therefore invest in women for increased productivity in agriculture, agribusiness, industry and trade, and ensure their participation as entrepreneurs, business owners and policy and decision makers.



## **Excellencies,**

We know that conflict and instability can set the development of countries back for decades. We therefore need peace in order to have effective development. At the same time, without development, good governance and inclusive societies, it is difficult to sustain peace.

The integration of Africa and its economies will be its success. As individual countries we have small domestic markets, which makes it difficult to reach economies of scale. When we integrate, as we set out in the Abuja Treaty, we can pool our collective strengths and capabilities, as well as our markets and productive capacities.

Africa is also making progress in this regard, through the Regional Economic Communities, work on the removal of non-tariff barriers, and towards the Continental Free Trade Area by 2017. In three regions, East, West and Southern Africa where integration is most vigorously pursued, intra-Africa trade is already approaching 25%, although the continental average is 12%. The target of doubling intra-Africa trade over the next decade is therefore realistic - if we address the hardware of integration (especially infrastructure), as well as the software (the free movement of people, goods and services; and harmonization of policies).

Our vision for the Africa we Want, is a vision where no part of our continent is left behind as least developed, where every child, woman and man are able to reach their full potential.

The deliberations of your Conference are critical towards global discussions on the challenges facing humanity, and how to ensure a world that is more peaceful, more secure and inclusive for everybody.

Because we live in a globalized world, addressing the challenges facing African countries and LDCs to structural transformation and achieving the goals and targets of the Istanbul Programme will require stronger action and cooperation between LDCs, developing countries and the development partners.

As the LDCs relationships with emerging economies deepen, with significant potential for further expansion, South-South cooperation should be strengthened in all areas and collaborations institutionalized and resources from innovative financing mechanisms made available for LDCs development. The LDCs need easy access to resources from different environment and climate change funds and programmes.

This should also include reforms of the international markets to improve their access to financial resources. Mainstreaming trade policy into development strategies, improving supply side capacity, trade facilitation and effective duty free and quota free market access for the LDCs need to be pursued in an integrated manner.

**Excellencies,**

As the world looks towards the Post-2015 Development Agenda, building partnerships to increase the productive capacities of the LDCs is not only a moral imperative, but also a means to promote a stable and peaceful global order.

For the African Union the moderate progress recorded towards achieving the MDGs underlines the need to give priority to the LDCs in the Post -2015 Development Agenda. Several LDCs have announced their intention to graduate out of this category by 2020. We need to all work tirelessly towards a world where there is no need for such a categorization, and this can be done.

As the late Nelson Mandela said: It is impossible, until it is done.

We look forward to the deliberations and I wish you success.

I thank you