

KEYNOTE ADDRESS
BY
HER EXCELLENCY ELLEN JOHNSON SIRLEAF
PRESIDENT OF THE REPUBLIC OF LIBERIA
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Your Excellency, Mr. Chairman and Prime Minister of Denmark, Honorable Andors Fogh Rasmussen;

Mr. President and Colleagues – President Kikweti and other members of the Africa Commission;

Colleagues, Excellencies;

Distinguished Ladies and Gentlemen:

I am humbled to have been selected to deliver these keynote remarks at this first meeting of the Africa Commission (AC). My appreciation and optimism about the future of this Commission are deepened by the potential, promise and possibilities it opens for North-South and South-South cooperation and partnership. I therefore thank you for the invitation – and for the honor.

We all know that the past 30 years have been disastrous for most of the people of Africa. As a whole, sub-Saharan Africa recorded average annual per capita growth of almost exactly zero for the thirty years between 1970 and 2000. The poor performance was nearly universal across the continent with three notable exceptions: Botswana, Mauritius, and Cape Verde. It is worth noting that all three of the relative success stories were democracies with strong macroeconomic management and low debt burdens.

Beyond these three countries, the record was pretty dismal, and in some cases downright ruinous. For example, Liberia's GDP per capita collapsed by more than 85 percent between the 1980 military coup and the 2003 peace accords.

The reasons for Africa's poor growth performance have been widely discussed and debated. Most analysts point to a combination of three broad factors. First, many African countries face unusually difficult geographical circumstances. In addition, many SSA countries are very small, which limits their ability to attract investment and connect with and compete in world markets. One implication of the typical small size is that many countries are highly dependent on one or two commodity exports, making them vulnerable to the well-documented resource curse.

Second, external political and economic factors have undermined growth in SSA. Colonialism left deep scars that still affect the continent today. On the economic front, the oil, currency, and interest rates shocks of the 1970s and 1980s undermined macroeconomic performance and added to debt burdens that still are not fully resolved today. Africa's dependence on natural resource exports has made many countries continuously vulnerable to commodity price shocks that are far outside of their control.

Third, and perhaps most important, poor governance and misrule has been at the heart of poor performance across the continent. Few African countries established electoral democracies or other systems by which citizens could hold their leaders accountable. In many countries leaders simply took and held power by force. Economies were badly mismanaged, with dual exchange rates, hyper-inflation, large budget deficits and widespread interference in markets all too common. Resources were used to enrich a small elite, leaving most people in deep poverty. Corruption, patronage, and the absence of the rule of law have allowed leaders to abuse their

power, in many cases leading to prolonged and deep civil war, conflict, and violence.

Paul Collier in his excellent recent book *The Bottom Billion* argues that the dismal performance of the poorest countries, including most SSA countries, is in large part due to them getting caught in one or more traps:

- The conflict trap, in which very low incomes make countries vulnerable to conflict, and conflict further reduces incomes in a terrible negative cycle;
- The natural resource trap, in which economies that are overly dependent on a few natural resources are subject to booms and busts, rampant corruption, conflict, and disincentives for investment in the rest of the economy;
- The geography trap, in which countries that are landlocked with bad neighbors have few options to expand production and economic growth, and whose fates are tied to the neighbors that they cannot control; and
- The governance trap, in which mismanagement keeps economies stagnant (or worse), often with large financial gains to the small elite in control, and low incomes make it difficult to build the institutions and train the people needed for good governance.

Fortunately, the universal bad news out of Africa has changed. Slowly but surely, a growing number of African countries have begun to turn around, ending conflicts, installing good governments, implementing stronger economic policies, and getting back on their feet. But because it is good news, and because it is happening gradually, it generally does not get the attention it deserves. The recent good news

does not guarantee long-term success, not by any means. Nevertheless, the signs are encouraging and hopeful.

Critically, these changes are structural, not cyclical. The first is political: slowly, but surely, more countries in Africa are becoming democracies and establishing accountable and transparent systems of governance. In 1989, there were just four democracies in all of sub-Saharan Africa. Today there are about 18. In the space of a generation, Africa has gone from very few democracies to more than one-third of the continent.

The second big shift is vastly improved macroeconomic management by most African governments and the end of significant economic distortions. These macroeconomic problems are now distant memories for most SSA countries. With a few unfortunate exceptions – countries have shifted to strong macroeconomic policies.

The third big change is the end, finally, of 25 years of huge debt burdens in Africa.

The end of the debt crisis is bringing about two kinds of changes. First is the improved financial position of governments that no longer must service debts. Some governments are using the newly-freed resources to increase spending in health, education, infrastructure, or civil service wages. Others are reducing their budget deficits, in effect reducing the cycle of borrowing new money to repay old. Still others are using some of the resources to build their foreign exchange reserves.

Second, and less obvious, the end of the debt crisis is providing countries with much greater capacity to design their own economic policies and spend less time

continually renegotiating old loans with creditors such as the IMF and the World Bank.

Africa's bilateral partners have played a major role in this success, supplementing national budgets to achieve national development agenda, providing funding to catalyze debt relief, responding to humanitarian and peacekeeping needs. Bilateral help also engendered problems – the need to respond to numerous policy and procedure requirements, to less than successful efforts to harmonize aid flows toward a common national agenda.

Today poor countries, African countries face an era of unpredictability and challenges, a world in which there is the widening gap between rich and poor nations on account of the new scramble for sources of energy, the unfolding specter of global warming and climate change, the rising number of unemployed youth, the threat of the HIV/AIDS pandemic and the spread of hunger against the backdrop of increasing cost of food – not the least is the challenge that our civilization faces to confront and together overcome violence in all its manifestations especially against women, children, and the elderly, while fighting global terrorism.

The Africa Commission represents a pragmatic response to these old and new development challenges and needs of Africa. It is particularly significant as too many of our countries fall behind in efforts to achieve the Millennium Development Goals (MDGs).

This Africa Commission is also a testimonial of the empathy of the people and Government of the Denmark for the people of Africa as we together endeavor to confront these new challenges and consolidate the progress of the past two decades. In establishing and promoting the Commission, Denmark has gone beyond the traditional bilateral and multilateral channels of development cooperation and

assistance to develop newer and more creative approaches to strengthen international development cooperation with Africa.

I believe that Africa's development remains the most critical challenge to the peace and stability of our global community, an opportunity for the world to realize its full potential in human betterment and fulfillment.

On the other hand, Africa's underdevelopment would undermine our collective efforts to deal with common threats to our societies such as drug trafficking, flight of trained human capital, especially from the poor South to the rich industrialized North, grinding poverty, illegal cross-border migration – and unprecedented human trafficking such as we have recently witnessed.

My Government also shares the view of the Government of Denmark that the most compelling duty of leadership and stewardship of our time is youth and employment. The rapid and high growth of the populations of young people everywhere, especially in Africa, represents an opportunity and a challenge as we endeavor to lay a solid foundation for a prosperous and productive future for our countries. Creating and providing jobs for our youth, engaging their boundless energies, and enhancing their opportunities for better and more fulfilling lives make them indispensable agents of development and socio-economic progress.

Drawing from the lessons of my country's ignominious civil war, unemployment, small or large, especially among young people, transforms them into a potentially ready and willing source of instability, violence, chaos, and destruction.

If we fail to educate and give our young people opportunities for self-fulfillment, we deny them hope for living – and a group that is without hope or has no reason to live falls for anything and does anything to give itself validity, relevance,

meaning and purpose. In Africa, such groups have been used as pawns in furthering the power ambition of fortune seekers self-styled liberators or freedom fighters.

I am also glad that the Africa Commission goes beyond the need to address youth and employment, a recognition of the fact that the current inequality between men and women in Africa and other parts of the world is a structural impediment to growth and development if the achievement of the Third Millennium Development Goal on Gender Equality and the Empowerment of Women is to be actualized by 2015. Women, whether they are in Africa, Europe, North America, Asia, or elsewhere, who constitute the backbone of society and are the custodians of its values must have equal rights and equal access to the factors of production. And as women have historically demonstrated, they can be good and strong and bold and innovative leaders. Their commitment to democracy and social justice are often unsurpassed. They are fair, they are inclusive – and above all, my experience show that women bring to leadership special natural skills and sensitivities that many times are lacking in their male counterparts. Indeed to achieve this objective, the African girl child, *primacy* in planning and programming – in education and socio-economic empowerment.

As the Africa Commission prepares its program for sustained and profound engagement with Africa, I salute all of you members of the Commission for the major contribution which you have already made to African development and for the innovative strategies that will result from your participation in the Africa Commission.

I thank you!