

Our Guest Honour, Honourable Manson Nyamweya, Assistant Minister of Trade of the Republic of Kenya

Your Excellency Mr. Erastus Mwenga, Deputy Chairperson, African Union Commission

Your Excellency Dr Richard Sezibera, Secretary General of the East African Community and Incoming Chair of the IRCC

Your Excellency Eng Mahboub Maalim, Executive Secretary of the Inter Governmental Authority on Development

Your Excellency Ambassador Calixte d'Offay, Secretary General of the Indian Ocean Commission

Engineer Jaoa Caholo, Deputy Executive Secretary, Southern African Development Community

Your Excellency Ambassador Mr. Koen Vervaeke, Director of EU External Action Services

Your Excellencies, Ambassadors and Heads of EU Delegations in the ESA/IOC Region

Members of the Diplomatic Corps

Representatives of other International Organisations and Co-operating Partners

Colleagues of Regional Organizations and EU, members of the technical Team

Distinguished Delegates

Members of the Electronic and Print Media

Ladies and Gentlemen

My colleagues and I at the very outset express our profound gratitude to the Government and People of the Republic of Kenya for hosting us in this beautiful country and city of Nairobi. Indeed, the hospitality we have received since our arrival at Jomo Kenyatta International Airport reaffirms the legendary hospitality of the people of Kenya and commitment of the Government of Kenya towards our joint efforts of deepening regional Integration within the various regional economic communities including the COMESA-EAC-SADC Tripartite. I applaud, His Excellency Mr. Mwai Kibaki, President of the Republic of Kenya for his leadership which has witnessed phenomenal development in many areas, particularly infrastructure, the show piece of which is the state of the art eight-lane Nairobi to Thika highway.

Our Guest of Honour

Your Excellencies

Distinguished Delegates

Allow me at the very outset to recognize the presence of the Deputy Chairperson of the African Union Commission, Mr. Erastus Mwencha, who was the mid-wife of the both the Inter-Regional Co-ordinating Committee and the COMESA-EAC-SADC

Tripartite institutional architecture

during his tenure as Secretary General of COMESA. We are indeed honoured that he could find time in his busy schedule to be with us and share his continental vision for fast tracking regional integration and I have no doubt that we shall benefit from his wisdom and vast experience.

The presence in this room of our five regional organizations: COMESA, EAC, IGAD, IOC and SADC is welcome and a good indication to the citizens of this region of our joint resolve to work together for the common good of our people, through purposeful collaboration, networking, harmonization of our strategies and policies, sharing of information, joint development and implementation of regional economic, social and political integration processes.

As the saying goes “United We Stand, Divided We Fall”. This collaboration should be cultivated, enhanced and sustained, in particular as we seek policy convergence and coordination under the COMESA-EAC-SADC Tripartite, which is anchored on the pillars of Market Integration, Infrastructure and Industrial Development. At our meeting of the COMESA, EAC and SADC Tripartite which was held here in Nairobi yesterday we agreed to review the legal and institutional architecture of the Tripartite with a view to formally bringing on board our collaborators within the IRCC, namely IGAD and IOC on account of the fact that the Tripartite pillars of infrastructure and industrialization require that we apply the principle of subsidiarity. We are happy that at the continental level our Member/Partner States have, through the African Union Commission, decided to work on the realization of the African Continental Free Trade Area(CFTA) on the basis of the COMESA, EAC and SADC Tripartite FTA which should all other things being equal become operational in 2014.

In this regard, I would like to applaud our Leaders in the Tripartite region for their visionary leadership in taking the bold decision to establish the Tripartite FTA, which, when operational, will constitute the largest single market in Africa with a combined population of 565 million people and over One Trillion United States Dollars. In the globalising world, market size is a critical factor for sustainable development and wealth creation.

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Distinguished Delegates

We have in this room one of our privileged development partners, the EU represented today by Ambassador Koen Vervaeke, Director of EU External Services responsible for the Horn of Africa, East Africa and Indian Ocean region and Ambassador Gary Quince, Ambassador to the African Union and a number of distinguished Ambassadors from all the five regions of COMESA, EAC, IOC, IGAD and SADC. We have come a long way in our relationship with EU, both as individual Sovereign Countries and at regional level.

I would be remiss in my responsibility if I did not, at this very important meeting, which is a defining moment in our relations, acknowledge the EU contribution over the years to the development of the African Caribbean and Pacific States (ACP). Let me illustrate this by using some statistics. From 1975 to 1978, under the 4th EDF, EU support to the ACP was 3 billion Euro. This support increased by 50 per cent to 4.5 billion Euros for the period 1979 to 1983, before a further increase of 64.4 per cent and 62.2 per cent for the period 1984 to 1989 and 1990 to 1995 respectively. Between 2000 and 2007, under the 9

th EDF, EU allocated to ACP countries 13.5 billion Euros and this amount was increased by a further sixty eight per cent under the 10

th EDF to 23 billion Euros. The European Union is the largest provider of development assistance. It is therefore a paradox that these inflows in the form of grants to the recipient countries have not brought about structural changes to the economies, most of which have remained dependent on a few primary commodities for their exports. As partners we should be frank with one another by acknowledging that these aid flows have been largely ineffectual in being about economic growth in the ACP region and have, to a large extent, been used to supplement recurrent expenditures. This is not to say that there have not been successes at the project level; it is reflecting the lack of effectiveness of aid to restructure the economies of ACP countries so that they are better equipped to compete in a globalised world. I assume that this is the underlying reason for the proposed changes in programming of the 11

th EDF, although I am not certain that the changes will result in improved aid effectiveness.

Our Guest of Honour

Excellencies

Ladies and Gentlemen

The programming decisions made under the 10th EDF have been characterized by lengthy bureaucratic procedures which, although are transparent, consensual and follow good governance processes, sacrifice the usefulness of the grant funds by not being useful to the private and commercial sector. The reasons for this is that the EDF10 grants cannot be used in a flexible way; the decision period is too long; and there is no certainty that projects being developed will be financed until very late in the programming process. In addition, it has been extremely difficult for the commercial sector to benefit from the grants in a tangible way and, as it is the role of the commercial sector to grow the economy to attain wealth creation and employment targets, this constrains the usefulness of EDF financing.

To illustrate this point, as a region, we prepared a number of large infrastructure projects that were submitted to the EU on the 29th of February 2012. It will be recalled that the joint IRCC and EU meeting in Mauritius in December, 2011 agreed on a schedule of activities which the region and the RIOs in the IRCC religiously followed. Following the meeting in Mauritius, the RIOs co-opted and deployed experts from the region on a full time basis to prepare Project Identification Fiches and Action fiches. The RIOs Have prepared 23 projects to Action Fiches stage, which means that these projects, in the case of infrastructure projects, are ready to go to tender. The total funding for projects with Action Fiches already prepared is 532 million Euros, representing 83 per cent of the allocated regional envelope under the 10th

EDF. In addition, there are 9 Project Identification Fiches or documentation for projects that will

require further work to bring them to the level of Action Fiches or bankable projects. We fully expect that all of these projects would be ready for funding within the 10th

EDF commitment deadline of 31st December, 2013. It is instructive to note that the region submitted projects with a total value of 750 million Euros, which far exceeds the funds allocated to the region. We did not expect the EDF to meet all of our funding needs but we did expect the EC to recognise the need for flexibility in use of funds so that grants could be used to leverage loan funds and blended with other concessional funds.

This explains why, when we had high level consultations in Brussels in early February this year, at the invitation of the EC to finalise the EDF10 programming process at the regional level, we submitted a detailed paper recommending that the infrastructure projects be used to leverage additional funds through either our own regional mechanisms, such as the Tripartite Trust Account, or through the EU-Africa Infrastructure Trust Fund. The conclusions of our meetings in Brussels, as far as we are concerned, and I attended all meetings, it was agreed that the balance of un-committed funds would be channeled through the EU-Africa Infrastructure Trust Fund to leverage additional funds for a pipeline of priority regional infrastructure projects for which Action Fiches had already been prepared.

Our Guest of Honour

Your Excellencies

Distinguished Guests

My colleagues and I were taken aback when we received communication to the effect that the projects that we submitted were considered to be of high risk by the European Commission and it was the view of the European Commission that these projects were unlikely to start implementation during the 10 EDF programming cycle. We are further dismayed by the repeated insinuations that the region has no capacity to develop and implement its programmes, notwithstanding the obvious facts and evidence that we had, without using EDF resources, prepared projects to a bankable stage and that the value of these projects are well in excess of the regional allocation and, because of this, we structured the projects so that they could benefit from EDF10 funding but would not be totally dependent on full grant funding. I should also remind you that the IRCC region was able to allocate and disburse the entire EDF9 regional allocation so we have a good track record.

Our Guest of Honour

Excellencies

Distinguished Ladies and Gentlemen

This brings us to question the type of Partnership that we all sing about, which is embedded in the COTONOU Partnership Agreement that foresees open and frank collaboration in programming and formulation of development projects, and for the ACP, through the National and Regional Authorising Officers, to take the lead and drive the programming process and for the EC to play a support role. Our recent experience suggests to us that we need to take a hard look as to whether we have an equal partnership any more. It seems to us that the partnership is gradually metamorphosing from one of equality to one of inequality and now resembles a relationship between a horse and its rider.

Recently I read the editorial of The *Africa Report* for May 2012 by an eminent “veteran expert on African Affairs

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by the name of Patrick Smith, entitled "Euro-African Divorce". Patrick Smith is confirming our worst fears that our privileged partnership is in troubled waters. I crave your indulgence in quoting verbatim the editorial which reads:

Should Africa and Europe be heading for the divorce courts? This bad marriage, first consummated over half a millennium ago, now looks beyond redemption. In reality, the partners have long since separated but keep up appearances in front of neighbors. The causes of the breakdown are obvious enough - serial infidelity on both sides, not to mention several cases of assault and battery by Europe against its spouse"

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Your Excellencies

Distinguished Delegates

It is quite clear that we have problems in our relationship and that, as is the case for any relationship, we should be honest to ourselves and be frank with each other. We are all fully aware of the saying that the "truth is hard to swallow". I would urge that we take measures to

preserve our privileged partnership by, among others:

- avoiding taking unilateral actions that are not consistent with Article 12 of the Cotonou Partnership Agreement on " coherence of community policies and their impact on the implementation of this Agreement";
- by overhauling the complex EDF procedures and align them to commercial business processes, learning from other initiatives such as the Marshall Plan that funded Europe' s economic reconstruction after the Second World war; and
- Last but by no means least by putting in place institutional arrangements for joint decision making towards ownership by recipients.

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I have dwelt at length on what the EU could do. Since it takes two to tango, on our side we

should also take our share of the blame, mostly for not being imaginative and creative enough to think outside the box and craft innovative ways of strengthening the partnership by, among others:

- Mobilizing our counterpart funding from our own domestic resources to co-finance the projects supported by the EU. This explains the lack of sustainability of most of our projects when they run out of donor support.

- by ensuring that we get value for money from our domestic and external resources through proper planning and embracing smart partnerships between the public and private sector; and

- By ensuring that we have policies and strategies that are tailored for different stake holder

Our Guest of Honour

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Distinguished Delegates

I need not remind distinguished collaborators that we live in a globalised world where the solutions that we have over the years taken for granted do not work as evidenced by the unprecedented prolonged global recession – the worst we have witnessed since the great depression of the 1930's. The evidence abounds that conventional orthodoxies that are prescribed no longer offer solutions to the current challenges that confront both developed and developing countries. Surely there must be a way out of this impasse, which is both intellectually and ideologically sound. The time is now for us to undertake radical overhaul of the current models of development that have evolved incrementally over the years. Obviously any change is disruptive and is resisted because we are all comfortable in continuing with business as usual. History is replete both in the public and private sectors of partnerships that have not survived due to the failure to change and adapt to the contemporary dynamic environment. I would, therefore urge us all to embrace the changes that would enable us to realize our shared common vision and goals.

I would like on your behalf and indeed on my own, thank our Guest of Honour for sparing time in his busy schedule to come and officially open our Meeting .In conclusion I would like to inform you that my Brother and Colleague Dr Richard Sezibera, Secretary General of the East African Community will be taking over the Chairmanship of IRCC after this meeting. My colleague, who is a distinguished medical physician, will no doubt bring to the IRCC evidence based results, taking into account that by training he does not like most of us dabble in intellectual pursuits that are only philosophical and spiritual. I say this because it would appear to me, some of us to paraphrase John Maynard Keynes that we are slaves of defunct economics and paradigms of development.

Thank You for your attention.

God bless