

**56<sup>th</sup> Session of the Conference of Ministers of  
Finance, Planning and Economic Development**

[As delivered]

**Statement**

**By**

**Claver Gatete  
United Nations Under-Secretary-General and  
Executive Secretary of the Economic Commission  
for Africa (ECA)**

**Victoria Falls  
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**Your Excellency**, Dr Emmerson Mnangagwa, President of the Republic of Zimbabwe,

**Your Excellency**, Honorable Mthuli Ncube, Minister of Finance and Investment Promotion, Republic of Zimbabwe,

**Your Excellency**, Dr. Monique Nsanzabaganwa, Deputy Chairperson of the African Union Commission,

**Your Excellency**, Rebecca Amuge, Ambassador of the Republic of Uganda to Ethiopia and Chair of the Outgoing Bureau,

**Honourable Ministers, Ambassadors and Heads of various Agencies**

**Distinguished delegates,**

**Ladies and gentlemen,**

**All protocols observed**

It gives me great pleasure to welcome you all to this year's Conference of Ministers, which is being held on the theme of '**Financing the transition to inclusive green economies in Africa**'.

I want to start by thanking the President, His Excellency, Dr Emmerson Mnangagwa, and the people of the Republic of Zimbabwe, for the warm hospitality and for hosting us in this beautiful city of Victoria Falls.

I also wish to thank the AUC for the great collaboration, leadership and strategic guidance to UNECA and other UN agencies as we implement the twin Agendas of Agenda 2063 and SDGs.

**Excellencies,**

**Distinguished delegates,**

The world is at an inflection point and countries are facing impossible policy choices with far reaching social and economic consequences.

But we have chosen the theme of green transitions because, whether we like it or not, we cannot ignore the challenges of climate change and the need to respond accordingly.

In 2020, Africa's total greenhouse emission was about 3 per cent of global emissions.

But we are the region with the most burden of impact.

As such, there is a lot at stake on the options we chose.

And getting it right remains a challenge.

The G20 estimates that we need an additional spending of US\$1.8 trillion for climate action and US\$1.2 trillion for development financing by 2030.

Yet, shrinking fiscal space is now the single most important issue for African ministers of finance, planning and economy.

At 2.7 per cent growth in 2023, and a projection of 2.4 per cent in 2024, and with inflation at nearly 20 per cent, the future seems bleak.

Debt has increased by over 180 per cent since 2010, and twenty-one countries are now at risk of, or in, debt distress.

This is notwithstanding the annual loss of at least 5 per cent of GDP because of climate change.

In addition, the private sector is being squeezed out.

Therefore, the natural question that confronts us is 'where will all these resources come from?'

How do you, as Ministers, determine where to distribute resources when nearly US\$100 billion is spent on debt repayments annually?

It is clear that governments can no longer guarantee social safety nets.

Yet, that is precisely what we need to do to ensure that no one is left behind.

Let's face it, we are on the brink of failing future generations.

**Excellencies,**

**Distinguished delegates,**

The fiscal issues we face today cannot be traced only to Covid-19 or recent conflicts.

These recent shocks only exacerbated historic structural issues rooted in a global financial architecture that is not fit for today's world.

Simply put, the existing multilateral financial system does not represent the needs of Africa.

This should, however, not come as a surprise.

The international financial architecture was established at a time when many African countries were not yet born.

In 1945, when the United Nations was created, the five permanent members of the Security Council, namely China, the United States, the United Kingdom, France, and Russia made up almost 50 per cent of the world's population.

Today, that figure is just 26 per cent.

And whilst Africa now represents nearly 20 per cent of global population, it is not represented at the G7, whose proportion of global population is only 9.7 per cent.

So how do you solve today's problems with outdated eighty-year old structures that do not reflect the global shifts that have occurred?

**Excellencies,**

**Distinguished delegates,**

The imbalances are obvious.

And there are some fundamentals that must be addressed.

**First**, the global financial architecture needs to be fixed. It must work for everyone and reflect the new dynamics.

In this regard, we welcome the membership of the African Union in the G20.

But we need to go further!

Moreover, the reform should not just be about increasing the amount of concessional financing or extending the period of loan repayment.

We must continue to call for changes that remove the investment rigidities and enable countries to mobilise affordable finance at scale.

The conversations on governance and conditionalities, no matter how difficult, must be top priority.

The ambitious US\$500 billion SDG Stimulus call by the United Nations Secretary-General is a recognition of how far we must go for justice and equity.

**Second**, we must address the issue of unfair risk perceptions and credit ratings that offer Africa limited borrowing options.

We should not accept that only 2 African countries have investment grade rating, and 22 countries are unrated.

Last year, UNDP estimated that rating information asymmetries is costing the continent up to US\$74.5 billion (UNDP, 2023)<sup>1</sup>.

**Third**, we need to focus on deepening domestic resource mobilisation for sustainability.

External borrowing has become costly, unreliable, and untenable.

Therefore, reforming our tax systems and derisking the business environment are unavoidable imperatives.

We simply cannot do business without the private sector.

Hence the need to invest in capital market development to provide long-term resources for private sector investment.

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<sup>1</sup> US\$46 billion in opportunity costs and US\$28 billion in potential interest savings

**Excellencies,**

**Distinguished delegates,**

A productive green finance system in Africa has the potential to generate US\$3 trillion by 2030.

But we must move from '**potential**' to tangible actions with bankable regional projects.

Innovative instruments like debt-for-nature swaps, regional blue bonds, regional carbon markets and natural capital accounting can provide financing that address debt issues and foster environmental action.

Seychelles has already set an example with the issuance of its sovereign blue bond in 2016, raising US\$15 million.

Similarly, leveraging Africa's vast coastline has the potential to generate US\$576 billion annually and create 127 million jobs by 2063.

But, carbon trading must be at a fair price to reap the rewards.

It does not make sense for African countries to earn less than US\$10 per ton of carbon whilst countries in Europe earn over US\$100.

We also know that regional cooperation can transform Africa into an industrial hub, to achieve the AfCFTA aspirations.

What is stopping us from aggressively pursuing regional value chains in Chad and Botswana's beef industry, or in the cocoa sector in Ghana and Cote d'Ivoire, or establishing a thriving agro-processing sector in Zambia and Zimbabwe?

However, we cannot do all this without technology advancement.

We need to be intentional in our investments in science, technology and innovation.

Digitalisation is an essential ingredient for infrastructure development and for generating economies of scale.

It is why the dialogue on the Global Digital Compact is so important for Africa especially as we remain the least digitally inclusive region, with average internet usage at only 40 per cent.

**Excellencies,**

**Distinguished delegates,**

This conference is significant in many ways.

It coincides with the beginning of the second half of the SDG implementation and the start of the Second Ten-Year Implementation Plan of Agenda 2063.

It is also happening against the backdrop of a broken multilateral system that has failed on its promises to Africa.

So, what will it take for African countries to really feel heard?

In September, our leaders will meet for the Summit of the Future to agree on the elements of a new world order.

The outcome of this Conference, and the forthcoming Africa Regional Forum on Sustainable Development in April, will contribute to Africa's messages to the Summit, and we are working closely with the African Union and key partners on a common Africa position.

It is OK for us to say that eighty years ago Africa was not at the table.

It is probably acceptable to say that when the Millennium Development Goals were adopted, we were also at the periphery.

But we will not be forgiven today if we do not occupy centre stage as architects of a new global financial architecture that works for us.

As our finance Ministers, we need your voice now more than ever

Yes, it is fair to say that we are confronted with some pertinent questions.

But, against the odds, we are still standing.

This should give us hope.

Hope, because we can do more with what we have.

With deliberate intent and a unity of purpose we can be in a much better place.

I have never been more hopeful that the future belongs to Africa!

I thank you for your kind attention.