

African Experts Meet in Cairo to Discuss Fiscal Policy for Domestic Resource Mobilization

Joint Press Release

Cairo, 02 June 2009 – The Deputy Minister of Finance of the Arab Republic of Egypt, H.E. Mr. Hany K. Dimian, has called on African countries to use fiscal policy for contingency planning to cushion economies against crises. He made the remark Tuesday 2 June, while opening the committee of experts of the Second Joint Annual Meetings of the African Union (AU) Conference of Ministers of Economy and Finance; and the United Nations Economic Commission for Africa (ECA) Conference of Ministers of Finance, Planning and Economic Development, taking place in Cairo, Egypt.

For Africa, the crisis is not only an economic crisis, but more importantly a crisis with long-lasting social implications with serious impacts on unemployment, poverty, education and health indicators, starvation, and income inequality.

"We need a change. Not just in policies, or in programs, or in priorities. This is all important and indispensable. But what we need in fact, is a strategic change in the vision, a change in the way our fiscal policy is formulated. A vision that migrates our fiscal formulation to a more macro-based setting, putting growth and inter-temporal sustainability as its priority", he said.

He said public-private partnerships can play an important role in providing some of the physical infrastructure necessary to spur economic growth. This requires sophisticated institutions to set up the necessary regulatory and legal framework. He called on international institutions, including the United Nations and African Union, to provide member States with technical support to enable them to design such institutions.

Addressing the Experts on behalf of the African Union Commission and the ECA, Mr. Abdou Jannet, UN Under-Secretary General and Executive Secretary of ECA, underscored the need to ensure adequate resources for Africa's development which he said is the reasoning behind the theme of the meeting – "Enhancing the Effectiveness of Fiscal Policy for Domestic Resource Mobilization".

Mr. Jannet further explained that as Africa grapples with the fall-out of the financial crisis, it is imperative to explore policy options to make up for expected short-fall in development of finance. "While seeking to obtain as much external financial support as it can get, Africa must also look inward to the policy options available to increase domestic resources for development", he noted.

Governance, Mr. Jannet said, is important because it is determinant of better economic management especially in the context of raising revenues and their expenditures. "Good and effective governance is essential to preventing tax evasion and tax avoidance as well as ensuring accountability in the use of resources raised", he emphasized.

He further raised the issue of integration reiterating that, Africa's existing commitment to regional integration must be used to ensure that it has a strong and credible voice in various international processes relating to reform of the international financial architecture, tackling climate change and improving trade opportunities.

Speaking earlier, the Chairperson of the Outgoing bureau of Committee of Experts, Mr. Getachew Adem, Director of Development Planning and Research Department of the Ministry of Finance and Economic Development, Federal Democratic Republic of Ethiopia; said the meeting this year is holding at a time of significant global uncertainty as the world is in the midst of the worst financial and economic crisis. To that effect, he noted that the meeting will provide an opportunity for the Experts in this domain to examine alternative sources of development finance and the role of fiscal policies in harnessing resources, improving macroeconomic policies, strengthening tax systems and improving public expenditure management.

Mr. Getachew further explained that, the crisis and its impact is an indication that a new international financial architecture is needed to guide national and international decisions and actions for successful development. "This crisis has also revealed through the huge financial stimulus packages that have been put together to bail out major financial institutions in the rich countries, that where there is a political will, the donor community is prepared to provide substantial support to enable countries cope with the economic and financial storms". He added.

For five days, the Experts will discuss the recent economic and social development in Africa; they will assess the state and follow-up of major decisions of 2008 Joint Annual Meetings of the AUC and ECA; they will brainstorm on the theme of the conference: "Enhancing the effectiveness of fiscal policy for domestic resources mobilization", amongst others.

At the end of the proceedings, the Experts are expected to come up with a report that will be submitted to the Ministers of Economy, Finance and Planning, for adoption.

The Meeting of the Committee of Experts Ahead of the Second Joint Annual Meetings of the AU Conference of Ministers of Economy and Finance and ECA Conference of Ministers of Finance, Planning and Economic Development ends on Friday 5 June 2009. Meanwhile, the ministerial meeting will hold on 6th and 7th June 2009, at the Cairo CityStar Intercontinental Hotel.

Journalists are invited to cover the event.

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