

2nd Joint Annual Meetings of the AU Conference of Ministers of Economy and Finance and ECA Conference of Ministers of Finance, Planning and Economic Development

Cairo, Egypt

6 - 7 June 2009

Opening statement by His Excellency, Ato Sufian Ahmed, Minister of Finance and Economic Development, Federal Democratic Republic of Ethiopia

Honourable Ministers,

Chairperson of the African Union Commission, Mr. Jean Ping

UN Under-Secretary-General and Executive Secretary of ECA, Mr. Abdoulie Janneh

President of the African Development Bank, Mr. Donald Kaberuka

Distinguished Guests,

Ladies and Gentlemen

It gives me great pleasure to welcome you all to the 2nd Joint Annual Meetings of the AU Conference of Ministers of Economy and Finance and the ECA Conference of African Ministers of Finance, Planning and Economic Development, on behalf of the outgoing Bureau, which Ethiopia has been privileged to Chair for the past two years. Please allow me, on behalf of my fellow Ministers, to thank the honorable Minister of Finance of the Arab Republic of Egypt, Mr. Boutros-Ghali, and through him, the Government and people of the Arab Republic of Egypt for hosting this important Conference, and for the warm welcome we received since our arrival in this magnificent city of Cairo.

I also thank my good friends, Jean Ping, Chairperson of the African Union Commission, and Abdoulie Janneh, Executive Secretary of ECA for their exceptional leadership and commitment as evidenced by the strong synergies that has been built in these meetings over the past two years.

In the same vein, I welcome the Governors of Central Banks. Our deliberations at this Conference will be enhanced by your participation.

Honourable Ministers, Distinguished Ladies and Gentlemen,

We meet today in the shadow of a global financial and economic crisis more serious than we have seen for generations. Although it is not a crisis of our own making, the global downturn has put at risk Africa's growth and development prospects. The impact of the crisis on Africa will be severe, as it turns into a human and development crisis for the continent. Growth will be lower, budgets will be strained and the remarkable gains achieved over the past decade in poverty reduction could be reversed and the MDGs put under threat. The priority for all African countries is to contain the adverse impact of the crisis on growth and poverty, while

preserving the hard won gains of recent years, including macroeconomic stability.

Before speaking to the issues on today's agenda, let me say by way of observation that we are enriched by the various meetings that have been held on this issue – the recent annual meetings of the African Development Bank; and the London Summit of the G-20.

As the financial crisis hits every economy around the world, most African countries are finding that every source of their development finance – remittances, export and commodity demand, aid and capital flows – are now being affected.

The theme of our Conference this year, Enhancing the effectiveness of fiscal policy for domestic resources mobilization is, therefore, most appropriate because it provides us an opportunity to examine alternative sources of development finance and the role of fiscal policies in harnessing resources from these sources, including improving macro-economic policies, strengthening tax systems, and improving public expenditure management. External resources -- aid, debt, trade, FDI and other capital flows – are also an essential complement to domestic resources and need to be scaled up in the medium term to offset the effects of the financial crisis and sustain the recent positive trends in Africa's development.

Honourable Ministers and Central Bank Governors,

In these brief remarks, I would also like to highlight some of the salient issues regarding the theme of our Conference. First a few thoughts on mobilising domestic resources for development in Africa.

A substantial part of the development financing gap in African countries should preferably be closed through an increase in domestic savings. However, for several of our countries, this is not possible in the short run due to a low income base and an underdeveloped financial sector, which makes it difficult to effectively mobilize domestic savings. Since African countries also have difficulties attracting significant private capital flows, external finance in the form of ODA seems to be the most likely source to fill this gap.

Additional ODA will be critical in allowing a policy stance that is more supportive of growth. But, as we know, this has been declining in recent years, not rising. In this regard, promises already made to significantly increase aid flows to Africa must be urgently met. The critical challenge for us is to ensure that the trend is reversed, working closely with our development partners, including ensuring aid effectiveness. I will speak on this issue in one of the panel discussions later this afternoon.

I am delighted that we have a distinguished panel of experts and Ministers to lead the discussions on these important topics.

We will pay considerable attention at this Conference to the actions and practical measures that we makers can take to enhance the effectiveness of fiscal policies for effective resource mobilization, including reversing capital flight and increasing ODA.

And perhaps most importantly for today, the international financial institutions have a crucial role to play in providing more, better and faster financing to help protect investments in health and education, and in stimulating African economies and creating jobs through infrastructure and trade finance. Most central among those international financial institutions are the IMF, the World Bank and the African Development Bank. In this regard, we welcome the recent decision by the IMF to double increase its concessional lending capacity to Africa following the agreement reached at the G-20 London Summit. We look forward to concrete proposals for achieving this goal.

Honourable Ministers, Distinguished Ladies and Gentlemen,

Our meeting today takes place some three weeks before world leaders gather in New York for a high level meeting convened by the President of the General Assembly to address the development impact of the world financial and economic crisis. I have no doubt that our discussion at this meeting will contribute in many ways to the upcoming high level meeting and the next G-20 Summit.

Honourable Minister,

Distinguished Ladies and Gentlemen,

I thank you and all the participants at this Conference for joining us for bold thinking and discussion on a fundamentally important theme. We have a lot to do at this Conference and I look forward to our discussions. Before I conclude my remarks, let me also thank the Bureau of the Conference for their vital contribution to the success of the Conference. I have no doubt that this Conference and the new Bureau will enjoy the same level of support on many of the issues and challenges that they will be addressing over the next one year.

I thank you for the attention.

