

Meeting of the Committee of Experts of the 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
2-5 June 2009*

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

Cairo, Egypt
2 June 2009

Mr. Chairman,
Your Excellency Hany Kadri Dimian, Deputy Minister of Finance of the Arab Republic of Egypt,
Excellencies,
Distinguished Ladies and Gentlemen

I wish on behalf of the African Union Commission and the Economic Commission for Africa to welcome you all to this 2nd Joint Annual Meetings of the African Union Conference of Ministers of Economy and Finance and the ECA Conference of Ministers of Finance, Planning and Economic Development.

Let me first of all extend sincere appreciation to the President, Government and People of the Arab Republic of Egypt for their generous hospitality and the excellent arrangements made for this meeting. In particular, I want to thank Minister Boutros-Ghali and his colleagues in the Ministry of Finance of this great country for having laid the foundation for our substantive deliberations especially with regard to the agenda.

This is the second in the series of Joint Annual Meetings organized by the African Union Commission and the Economic Commission for Africa. It underscores our shared vision of greater coherence and coordination of activities in support of African development.

The period since our last meeting has been a difficult one for Africa after several years of positive and encouraging growth. Indeed, the global economic and financial crisis began just as it seemed that the worst was over with regard to the food and fuel crisis. After growing at an average of nearly 6% over the preceding half decade, Africa's average growth rate is expected to decline by up to four percentage points this year.



Export earnings are similarly expected to decline by up to \$251 billion in 2009 and \$277 billion in 2010 for the continent as a whole while forecasts show that remittances and private capital flows into Sub-Saharan Africa will fall by between one to two billion dollars in 2009. Official development assistance, trade finance, foreign direct investment and other capital flows are also expected to continue to decline this year.

The drying up of these important sources of development finance has implications for achieving the MDGs in Africa as it will impact negatively on funding of health, education, gender, infrastructure and nutrition programmes with serious consequences for poverty reduction efforts. The crisis will also compound unemployment with the number of jobless likely to increase by 3 million in 2009. The social impact of the crisis will be particularly hard felt in this continent because we have few mechanisms in place to cushion its effects on ordinary people such as unemployment benefits or social safety nets.

Africa has already responded admirably to the crisis. Our Finance Ministers and Central Bank Governors met in Tunis in November last year to ensure a coordinated response. They drew up a roadmap to ensure that Africa has necessary resources for its development, while maintaining its record of improved economic management and enabling its voice to be better heard within the framework of the international financial system.

The need to ensure adequate resources for Africa's development is the reasoning behind the choice of theme for this meeting – "Enhancing the Effectiveness of Fiscal Policy for Domestic Resource Mobilization". As Africa grapples with the fall-out of the financial crisis, it is imperative that we explore policy options to make up for expected short-falls in development 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 it to increase domestic resources for development.

As things stand, domestic savings in most African countries fall far short of their investment requirements and fiscal policy is an important tool through which to make up the difference. Till now, it has been constrained by a pro-cyclical tendency, issues of creditworthiness and policy conditionalities. A key challenge before this gathering of experts is the identification of options and sharing of best practices to overcome these constraints so that fiscal policy can help bring about the structural transformation that will ensure a better resource base.

The quality of governance is similarly important because it is a determinant of better economic management especially in the context of raising revenues and their expenditure. Good and effective governance is essential to preventing tax evasion and tax avoidance and also in ensuring accountability in the use of resources raised. It is also important to remain alert to the dangers of social unrest as experience teaches that economic hardship and the scramble for increasingly scarce resources may undermine recent and hard won peace and security gains. Moreover, our states require the capacity to better manage their economies both when they are growing and also when they are facing crisis. An integral part of our response to the crisis should therefore be to strengthen human and institutional capacities in the economic sphere.

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. Similarly, transboundary cooperation must be further prioritized to enable Africa to become more competitive. Resources are needed for transport infrastructure such as roads, rail, air, and port services which need to be built, rehabilitated or expanded and for electricity grids and oil and gas pipelines that will enhance the security and reliability of energy supplies.

As the communiqué issued by the G20 Summit in London in April states, 'a global crisis requires a global solution'. Such a solution needs to be underpinned by effective and fair global arrangements that take care of the interests of African countries. It is worth pointing out that several of the issues raised by Africa in the preparatory process were addressed by the G20 leaders including allocation of new SDRs, gold sales, financing of counter-cyclical spending, review of the debt sustainability framework and the provision of more capital for Multilateral Development Banks including the African Development Bank. Our challenge now is to ensure the realization of these and prior commitments including of official development assistance. This meeting provides us with the right platform to begin to assess progress that has been made thus far.

Climate change is another pressing challenge that Africa has to contend with and it equally demands urgent action. In compliance with the decision reached by the AU Summit in January 2009 and because of the importance of the issues at stake it is imperative that Africa speaks with a collective voice on the key issues of mitigation, adaptation, technology, capacity building, and financing at Conference of Parties taking place in Copenhagen at the end of this year.

Financing is particularly important in this regard because of the costs to Africa of adapting to climate change. Such considerations were behind the recent Third African Ministerial Meeting on Financing for Development which focused on climate change and recently took place in Kigali. Its outcome was also submitted to the Special Session of the African Ministerial Conference on the Environment which took place in Nairobi last week. It is essential in these processes that Africa seeks for workable and transparent financial mechanisms including carbon trading options at the Copenhagen Conference of Parties.

I am pleased to report with regard to its work in other important areas that ECA has continued to make steady progress in the implementation of its work programme for the biennium 2008-2009. Across the board from economic policy analysis to gender and social development, statistics, information and communications technologies, governance, agriculture and food security, ECA has recorded significant achievements including through the publication of knowledge products, consensus building and technical advisory services. Notable in this context is the 2009 Economic Report on Africa, jointly published by the AUC and ECA which will be launched during the Ministerial Session of this meeting and the Mutual Review of Development Effectiveness produced by ECA and the OECD which will be presented during your deliberations.

The Sixth African Development Forum (ADF VI) took place in Addis Ababa in November 2008 and its theme was “Action on Gender Equality, Women’s Empowerment and Ending Violence against Women.” The Consensus Statement adopted at the end of the forum identified several key areas requiring immediate action including finance for gender equality and women’s empowerment. Another key event that underscores the commitment of the United Nations system to support Africa’s development efforts is the Regional Coordination Mechanism of UN agencies working in Africa. The RCM held its 9th session in November 2009 and focused on the food crisis and climate change issues. It adopted several recommendations that would enhance the work of the Mechanism and its Clusters and better align their activities with the programme priorities of the African Union and its NEPAD programme.

Satisfactory progress has been realized in empowering ECA’s Sub-Regional Offices (SROs) and providing them with the capacity to support accelerated regional integration and socio-economic development in their respective sub-regions. The SROs are now very well equipped to respond quickly to the demands of their various sub-regions and have recorded achievements in the context of the implementation of the Multi-Year Programmes agreed with their respective RECs.

The building of partnerships is a core element of ECA’s work and this collaborative approach was further strengthened during the past year through our joint activities particularly with the AU Commission, the AfDB and the RECs. We have also continued to receive support and encouragement from a very wide range of development partners in various areas of ECA’s work. These partnerships also reflect the spirit behind the the Coalition for Dialogue on Africa (CODA), a joint initiative of the AUC, AfDB and ECA which was inaugurated in March 2009. Its purpose is to situate broad based dialogue on Africa’s development agenda within the continent and its work is guided by an independent high-level Advisory Board, headed by former President Festus Mogae of Botswana.

ECA’s Business Plan for 2007-2009 will complete its course at the end of this year and work has already begun our next three year plan for 2010-2012. Its orientation will be to deepen the strategic focus of the current plan especially with regard to supporting the priorities of the African Union and building strong, credible and coherent partnerships to promote African development. ECA’s Proposed Programme of Work and Priorities for the Biennium 2010-2011 which reflect the same strategic underpinnings will also be placed before you for discussion. It will seek to consolidate our work in the areas of ICTs, trade, gender, governance, finance, economic policy analysis, climate change and statistics, which received a strong boost from additional resources

provided to the African Centre for Statistics through the Secretary-General's Development Pillar. In addition, we will strengthen our support to member States in Science and Technology and to deepen state capacity through better public administration.

In conclusion, let me underscore that these are challenging times for Africa but I am optimistic that the good foundation that has been laid of better macroeconomic management, improved governance and commitment to sustained peace and security will see us through. This meeting provides us with a unique opportunity to articulate ideas and policy options that will enable Africa to meet current and emerging challenges and I hope that we will engage in open and constructive dialogue that will enrich the report to be submitted to the Ministerial Conference.

I wish you successful deliberations. Thank you for your kind attention.